

# INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

No. 29,654

PARIS, WEDNESDAY, JUNE 14, 1978

Established 1887



North Korean prisoners throw away clothing and curse their captors after being repatriated.

## 8 North Koreans Freed, Jeer Captors

PANMUNJOM, Korea, June 13 (UPI) — The United Nations Command today released and sent home eight North Koreans captured from an armed North Korean boat that sank May 19 after intruding into South Korean waters.

Immediately after their release, the eight Communists cursed at their captors, stripped to their shorts and hurled the clothes they were given in the south across the Military Demarcation Line in this truce village.

The command immediately sent a protest note, saying the North Koreans were violating an agreement that there would be no disorderly conduct by either side in the process of transfer.

"Once again, your side has demonstrated its inability to abide by agreements it makes," said U.S. Army Col. Kenneth Kleypas, secretary to the Korean Armistice Commission of the UN Command in a note.

## Rights Panel Asks Probe Abuse by Ulster Police Alleged

LONDON, June 13 (AP) — Amnesty International released a report today on alleged police abuse of suspected terrorists in Northern Ireland and said that a public inquiry was warranted.

The report, based on an investigation last year by a Dutch lawyer, two Danish doctors and an Amnesty staff member, was leaked to the press last week.

The Northern Ireland Office, which governs the province in the absence of a local government, responded with plans for investigations by police, the director of public prosecutions, and an independent inquiry committee that will be established.

The report by the London-based rights organization outlined alleged threats, beatings, humiliation, and psychological mistreatment of 78 prisoners suspected of being involved in Northern Ireland's sectarian guerrilla war.

It concluded that maltreatment of suspected terrorists by the Royal Ulster Constabulary had taken place with sufficient frequency to warrant the establishment of a public inquiry.

It also suggested that provisions of emergency laws in Ulster have eroded the rights of suspects and fostered a climate in which mistreatment can happen.

Under emergency laws in the nine-year civil war between minority Roman Catholics and majority Protestants, suspects can be held for up to eight days without charge, and self-incriminating statements can be used more freely as evidence than elsewhere in the United Kingdom.

Amnesty has refused an official request to identify its sources in the investigation. But a Northern Ireland Office spokesman said that the office has asked Amnesty to urge its sources to identify themselves so that their complaints can be investigated.

Northern Ireland's chief constable also is considering technical measures to reduce abuse, such as closed-circuit television monitoring of interrogations, the spokesman said.

## Russians Drag American From His Car

By David K. Shieler

MOSCOW, June 13 (NYT) — An American businessman representing International Harvester was physically hauled out of his automobile last night by Moscow police and taken into custody on a charge of smuggling, the U.S. Embassy said today.

[Reuters reported that the United States has protested the incident. The report said that a protest note was presented to Soviet officials at the Foreign Ministry in Moscow today.]

Jay Crawford, 34, a native of Alabama, was seized while driving with his fiancée, Virginia Olbrish. When he stopped at a red light, according to the embassy account, police officers "forcibly" removed him from the vehicle while Olbrish remained in the car.

She was allowed to proceed only after he was taken away, an embassy spokesman said.

Without commenting on the validity or falsity of the charges, the embassy made a written protest to the Foreign Ministry over Soviet behavior. The incident, particularly the method of arrest, was being viewed by diplomats as part of an escalation of official pressure against Americans living in Moscow, a result of the worsening relations between the two countries.

Yesterday the newspaper Izvestia published a long article by Yulian Semenov, a popular writer of spy thrillers, about a former American diplomat, Martha Peterson, allegedly caught last July in the act of planting a cache of espionage equipment, including miniature cameras and ampules of poison, for pickup by a Russian working for the Central Intelligence Agency.

The article hinted, and some well-placed Russians have confirmed, that further revelations of U.S. espionage would be forthcoming.

In large measure, this is a response to the angry rhetoric emanating recently from Washington. President Carter and his national security adviser, Zbigniew Brzezinski, have protested Soviet and Cuban military involvement in Africa, the continued Soviet arms buildup, Soviet violations of human rights and other aspects of Moscow's behavior.

Many Americans here have long suspected that the authorities are behind some of the young men who hang around outside tourist hotels offering to change dollars on the black market, for example, or asking to buy Western clothes.

The assumption of foreigners who live here is that some of the offers, and perhaps most, are set-ups designed to entrap Westerners and give the police evidence to use against them if desired.

But if this is so in Mr. Crawford's case, it is not clear why the Russians would want to make an issue of it. He runs International Harvester's Moscow office, and the company is one of the leading firms doing business with the Soviet Union. It has sold large quantities of badly-needed agricultural equipment, and at a time when some U.S. concerns have become doubtful about the potential of the Soviet market in the midst of political strains with the West.

The charge against Mr. Crawford carries a maximum penalty of 10 years in prison and five years of exile in a remote area, usually Siberia.

## Accused Nazi Tries Suicide In Brazil Jail

BRASILIA, June 13 (AP) — Gusav Franz Wagner, arrested on May 30 for alleged participation in the slaughter of Jews during World War II, attempted suicide yesterday by eating his eyeglasses, police reported.

Mr. Wagner crushed the lenses with shoe, police said, and started eating the broken glass, but was stopped by a guard. He is being held under administrative arrest, a procedure applied to detainees brought by countries that have extradition treaties with Brazil.

Mr. Wagner, 66, a native of Austria who has lived in Brazil under his own name for 28 years, has admitted that he served in the SS at the Sobibor and Treblinka concentration camps in Poland, but he has denied that he took part in the extermination of about 250,000 Jews and Poles who are said to have died there.

He was arrested on May 30 in Sao Paulo. Nazi hunter Simon Wiesenthal initiated a hunt for Mr. Wagner last month when he identified him in a newspaper photograph as a man who attended a birthday commemoration for Adolf Hitler near Rio de Janeiro. Mr. Wagner surrendered, Poland, West Germany, Israel, Austria and Lebanon want to extradite him.

## Franjeh Vows Revenge on Phalangists

# Son of Lebanese Ex-President Killed in Raid by Rival Militia

From Wire Dispatches

BEIRUT, June 13 — The son of former Lebanese President Suleiman Franjeh was killed today, along with 37 of his followers, by members of the Phalangist militia, a rival rightist Christian group.

The predawn artillery and mortar raid on the villa of the younger Franjeh shattered the Maronite Christian alliance formed here during the recent civil war, and the Franjeh family vowed revenge raids that are liable to trigger widespread violence.

Tony Franjeh, 37, who led his father's militia, was killed along with his wife and baby daughter and their bodyguards when the villa was attacked by the heavily armed Phalangist force and burned down.

Twelve Phalangists also reportedly died in the battle.

Vowing revenge, the ex-president flew to Zghorta, the Franjehs' ancestral hometown and power base in northern Lebanon. The villa at which the younger Mr. Franjeh was killed is about 10 miles away in Ehdun.

Syrian Foreign Minister Abdel-Halim Khaddam and General Rifaat Assad, brother of Syria's president, flew by helicopter to Zghorta to express their condolences, but Mr. Franjeh appeared determined to launch his Zghorta militia against that of the larger, better organized Phalangist Party led by Mr. Pierre Gemayel.

The battle, climaxing recent friction between Christian factions, brought Syrian units of the peace-keeping force into key positions in northern Lebanon in an effort to maintain order.

The collapse of the Christians' Lebanese Front appeared likely to increase Syria's role in Lebanon, both as peacekeeper and as political supporter of Lebanese President Elias Sarkis, commentators said.

Mr. Sarkis, himself a Maronite Christian, has championed closer cooperation with Syria than is desired by hard-line Lebanese Christians.

In a press conference, Bechir Gemayel, son of the Phalangist chief and the militia's leader, acknowledged that Phalangist Party members took part in this morning's assault on the Franjeh villa.

The assault followed a series of inter-Christian clashes in recent weeks between the senior Mr. Franjeh's followers and Phalangist gunmen as Phalangists attempted to gain political control over northern Lebanon — traditionally the Franjehs' territory.

Resisting Phalangist encroachments, Mr. Franjeh withdrew from the Lebanese Front this spring and sided with the Syrians when they clashed with Phalangist militias around Beirut.

Phalangists sought to discredit Mr. Franjeh by recalling the blatant corruption practiced when he was president and his son, Tony, was minister of telecommunications. Recent Phalangist statements also referred clearly to the continuing profitable exactions by the Franjehs in the northern region — (Continued on Page 2, Col. 7)

## Castro Assails U.S. on Zaire Allegations

### U.S. Withheld Cuba Message After Invasion

### Cuban Leader Blames Aides For Deception

By Martin Tolchin

WASHINGTON, June 13 (NYT) — The White House was aware of Cuban President Fidel Castro's contention that he tried to stop the invasion of Zaire's Shaba province by Angolan-based Katangans, but chose not to make it public, Jody Powell, Mr. Carter's press secretary, said today.

"I know of no obligation of this government to release all private statements in a public forum," Mr. Powell said at a news briefing.

The administration made the Castro message available to the Senate Foreign Relations Committee last week. It had been received on May 17, when congressional questions were being raised about the evidence to support the president's denunciation of the Cuban role in the Katangan incursion.

Mr. Powell said that, prior to Mr. Carter's denunciation of the Cubans, the White House was aware of Mr. Castro's contention, which had been communicated through Lyle Lane, the chief U.S. diplomat in Havana. The president charged eight days later that the Cubans not only had known of the invasion plan but "obviously did nothing to restrain them from crossing the border."

Mr. Powell said that the president's charge "was an assessment with all the factors available, appropriately considered."

"It has not changed," he said.

The press secretary said that he did not know if the president had been aware of Mr. Castro's contention prior to last month's speech, but other White House officials were aware of the Cuban leader's position, and that "the president's statement was made with that in mind."

Mr. Powell sidestepped questions about whether the White House believed that Mr. Castro had lied. But he noted that the Cubans had denied any involvement in the Katangan invasion and said that they had a poor track record for telling the truth.

Other administration officials privately indicated that the White House did doubt that Mr. Castro had taken steps to restrain the invaders. They noted that Mr. Castro cited the illness and absence of Agostinho Neto, the Angolan leader, as an explanation for the failure of the intervention.

But an administration official said that given the seriousness of the situation, Mr. Castro would have been deterred by Mr. Neto's absence if he had wanted to head off the invasion. Mr. Castro would have gone to other Angola leaders as well as heads of other African nations, the official said.

In a related development, Mr. Powell said that Secretary of State Cyrus Vance would be available to (Continued on Page 2, Col. 6)

## In Central Europe Reductions

# Russians Agree to Seek Equal Ceilings on Troops

By Richard Burt

WASHINGTON, June 13 (NYT) — The Soviet Union has made a proposal for equal ceilings on Eastern and Western military forces in Central Europe — a proposal that Carter administration officials said yesterday could be an important breakthrough in the long-stalled negotiations over mutual troop reductions.

The officials said Moscow agreed last week for the first time that any accord reducing Eastern and Western air and ground units in the region should set equal ceilings on the troops that remain.

Because the Soviet-led Warsaw Pact possesses a numerical edge in troops deployed in Central Europe, Soviet negotiators until now have sought mutual cuts that would maintain the East's advantage. The West has insisted that any reduction agreement should provide for parity in troop numbers, and the negotiations have thus made little progress since they began in 1973.

To break the deadlock, the Western powers put forward a new proposal early last month which still clung to the principle of common ceilings, but offered the Soviet Union greater flexibility in choosing what units it would remove from Eastern Europe.

Now, in an apparent response to that initiative, Moscow has agreed to the Western demand that each side be limited to a total of 700,000 ground forces in the region. It furthermore suggested that a ceiling of 900,000 be placed on total ground and air force personnel.

The Soviet move has come amid growing tension in U.S.-Soviet relations, and officials are uncertain what it means. Some see it as a move to cool down the escalating rhetoric by conspicuously ignoring the administration's recent criticisms. A more common view is that it is probably designed to elicit Western concessions on other issues under discussion at the Vienna-based talks. In particular, the discrepancy between the two sides' figures for the total size of Warsaw Pact forces.

The outlines of the proposal were disclosed by Tass late last week and U.S. officials provided details yesterday. They said that, in addition to accepting the common-ceiling approach, Moscow agreed to withdraw 1,000 U.S. nuclear weapons from Europe in the first phase of a troop cut, in return for a cutback in Soviet tanks.

Moscow is also said to have agreed that, in the first phase of an overall cut in Eastern and Western (Continued on Page 2, Col. 1)

## U.K. Ambassador Wants to Quit UN

LONDON, June 13 (AP) — Sir Ivor Richard, Britain's ambassador to the United Nations since 1974, said today that he wants to resign and return to the House of Commons.

"I am looking for a seat, but they are hard to find," the former Labor Party member of Parliament said. "I would like to be a candidate at the next election."

## Broadcasts of U.S. House Sessions Inaugurated With a Yawn

### Only 16 Congressmen Show Up for the 'Historic Occasion'

By Marjorie Hunter

WASHINGTON, June 13 (NYT) — With only 16 members present, the House of Representatives today crept into the electronic age by allowing live radio broadcasts of its proceedings.

"This is an historic occasion," Rep. Albert Gore, D-Tenn., said as he faced the rows of empty seats. But the major radio broadcasts were not exactly falling all over themselves. Only Associated Press Radio carried the proceedings live — and then for just five minutes.

NBC News wanted to plug in about 15 minutes after the opening gavel, but by that time the microphones had gone dead. They are always turned off during a quorum call or roll call, for fear that someone's off-the-cuff remarks might be trumpeted to the galleries.

Hastily discarding the notion of live broadcasting, NBC's Peter Hackes narrated 2½ minutes of excerpts that were taped earlier.

"The highlight was getting off the air," Mr. Hackes said later.

CBS News waited an hour before putting on a reporter with a minute or so of taped excerpts. ABC News, Mutual, UPI Audio and other radio broadcasters also used taped excerpts later in the day.

Excitement Lacking

What the radio audience would have heard, had the proceedings been broadcast in full, was not exactly the stuff of which drama is made.

At noon, Majority Leader Jim Wright of Texas banged the gavel and a clerk announced that Speaker Thomas O'Neill had designated Rep. Wright as acting speaker for the day.

The Rev. Edward Latch, House chaplain, delivered the opening prayer, reminding his sparse audience of "these troubled times."

And so it went, with Rep. Robert Sikes, D-Fla., complaining about President Carter's decision to increase beef imports and a few others speaking about various things.

Ten minutes into the session, Rep. Charles Wilson, D-Calif., glanced around the nearly deserted chamber and suggested the absence of a quorum.

The microphones were switched off, the electronic scoreboard was switched on and, for the next 15 minutes, members drifted into the chamber, laughing, talking, milling about. It was like a noisy schoolroom after the teacher had stepped out into the hall.

The proceedings became livelier as the House debated a resolution condemning the government of Uganda for violating human rights: a bill to increase funding levels for the Office of Toxic Substances and legislation to appropriate money for the Department of Transportation.

Only An Experiment

Live radio coverage is an experiment, but if it proves successful, it may lead to live television coverage of the House.

The House authorized gavel-to-gavel radio and television broadcasting of its proceedings last year, but the matter got bogged down over which system to use — a system manned by House employees and fed into the networks, or a system in which networks would pool coverage with their own technicians.

Rep. O'Neill has insisted that the House maintain its own camera and audio technicians, which have been beaming closed circuit radio and television into offices of House members.

But television officials insist on providing coverage on their own, and House leaders have decided to wait until at least next year before allowing any kind of television coverage except the closed circuit system.

Radio broadcasters also have protested the in-house system, but most major radio networks and other radio broadcasters reluctantly plugged into it after AP Radio announced that it would do so.

While the Senate does not allow daily radio or television coverage, it permitted radio broadcasting of the Panama Canal treaty debate this spring.

## India Planning To Prosecute Indira Gandhi

NEW DELHI, June 13 (UPI) — Police will file criminal charges against former Prime Minister Indira Gandhi, a Home Ministry official said yesterday.

The charges will be based on findings of a judicial commission investigating actions by Mrs. Gandhi and other officials during her emergency rule, the official said. He did not say when prosecution would start.

The commission, chaired by a former chief justice of India, Jayantilal Shah, submitted two interim reports to the government last month. It found Mrs. Gandhi misused her power and abused her authority for personal gains during the 21 months of emergency rule that ended with her defeat in the March, 1975, national elections.

It said that Mrs. Gandhi imposed the state of emergency solely to maintain her position as prime minister.

## A Transatlantic Record

# U.S. Approves \$99 Fare For Boston-Amsterdam

WASHINGTON, June 13 (UPI) — The Civil Aeronautics Board ruled today that Pan American World Airways can start offering history's lowest scheduled transatlantic fare Thursday — \$99 for a standby ticket for nonstop flights from Boston to Amsterdam.

The board acted unusually quickly, giving its approval hours after Pan Am proposed the new fare. Round trip will cost \$149.

A Pan Am spokesman said the low fare would stay in effect through July 14 to introduce the nonstop service. After the one-month introductory period, he said, the fare would go to a permanent \$155 one-way or \$279 round-trip.

Even the higher permanent fare represents a major discount. An economy class round-trip ticket from Boston to Amsterdam on existing routes, with a stop in London, costs \$812.

A spokesman compared Pan Am's new fare with that of the pioneering all-standby, no-fuel Skyrail service offered by British Laker Airways between London and New York.

Pan Am will use Boeing 707s capable of carrying about 180 passengers in nothing but economy-class seats, the spokesman said. Passengers will be assigned seats on a first-come, first-served basis starting 5 1/2 hours before each flight's departure. "It's total standby, no reservations," the spokesman said.

Only coffee and tea will be served free on board. The spokesman said that audio headsets, soft drinks and mixed drinks can be purchased during flight. In-flight meals must be paid for at the airport before departure.

Laker to Los Angeles

LOS ANGELES, June 13 (UPI) — Laker Airways today announced a new service between Los Angeles and Britain to begin Sept. 26.

It will cost \$162 for the one-way flight from London to Los Angeles on the Skyrail — less than half the normal economy fare offered by other airlines — except during the peak months of July, August and September when the flights will cost \$185.

The fare for the Los Angeles-London route will be \$220 and rise to \$248 during June, July and August.

Flights will be offered daily between Los Angeles and London on DC-10s capable of carrying 345 passengers.

## Somalia Denies Aiding Rebels Against Ethiopia

From Wire Dispatches

MOGADISHU, Somalia, June 13 (UPI) — The Somali government today denied Western media reports that units of its army, disguised as civilians, were fighting with the guerrilla force against Ethiopia.

"The Somali Democratic Republic immediately withdrew the units of its troops from western Somalia" following the decision by the central committee of the Somali Revolutionary Socialist Party on March 9, the government statement said.

"Let it be also clear that no single Somali soldier is to be found in western Somalia. All that Somalia gives to the liberation movements of western Somalia... is moral support, for their cause is a just one," the statement added.

In Paris, the Somali Embassy expressed surprise about reports in the French press attributed to Zaire's press agency that Somalia would send a military contingent to Zaire. Somalia "has no intention to participate in this so-called pan-African intervention force," it said.

## N.Y. Daily News Struck by Guild

NEW YORK, June 13 (UPI) — About 1,300 reporters, editors and commercial employees today went on strike against the New York Daily News in a contract dispute with the nation's largest-circulation daily.

The negotiations between management and the Newspaper Guild were broken off and Guild members set up picket lines outside the Daily News Building on 42d Street.

It was not clear if Guild members at The New York Times and the Post would join the walkout. The management of both The Times and the Post said they would support the News but it was not known what form that support would take.

## Moscow Agrees to Seek Troops Ceilings

(Continued from Page 1)

forces, approximately twice as many Soviet troops would be removed from Europe as U.S. forces. The Soviet proposal is described by officials as Moscow's first major move in the talks. As such, it is thought to reflect a new Soviet desire to reach agreement. "We now have the basis for real negotiations," a White House official said.

**Biggest Problem**

Still, several issues remain to be resolved in the talks, and officials stressed that it was premature to suggest that the two sides are close to agreement.

The biggest problem now standing in the way of an accord, officials said, is that negotiators disagree over estimates of the number of troops each side deploys in Central Europe.

Moscow says that Warsaw Pact ground forces number 805,000, so that, under its new proposal, about

105,000 troops would have to be removed from the region. Western intelligence analysts contend that Warsaw Pact ground troops exceed 950,000, and that to get down to the proposed 700,000 ceiling would require a common ceiling of 700,000.

Because Moscow and its allies are reluctant to release much information concerning their forces, specialists predict that it could take months, if not years, to settle the question. Until it is settled, U.S. officials assert, it will not be possible to complete a new accord.

Yet Moscow's acceptance of the principle of equality is still seen as an encouraging sign.

Moscow originally proposed in the talks that the United States and the Soviet Union each remove 20,000 troops from Europe. Next there would be consecutive 5 and 10 per cent reductions in overall Eastern and Western forces. Because the "equal percentage" cuts would have allowed the East to maintain its advantage in troop numbers, Western negotiators rejected this approach.

## U.S. Ship Sinks After Collision

GIBRALTAR, June 13 (UPI) — The 11,304-ton U.S. bulk carrier Yellowstone sank in the Mediterranean today after a collision with an Algerian freighter off Gibraltar yesterday that killed five of the U.S. ship's crew and seriously injured three.

A spokesman for Britain's Royal Navy, which was leading the rescue operations from the Gibraltar base, said that the few remaining Yellowstone crewmen and the two Navy men aboard the Yellowstone were transferred to a Navy tug shortly before the ship separated. The Algerian vessel Ibn Batouta headed for the Algerian port of Oran under its own steam. The damage it had suffered was well above the waterline.

## Firebombs Raze Depot in Belfast

BELFAST, June 13 (AP) — Ten firebombs exploded in a bus depot in Belfast last night, destroying the building and 20 buses, police reported.

The bombs, planted by three men who held guns on the staff, exploded in the Smithfield bus depot close to a British army base in the Grand Central Hotel.

Police had been told of a telephone warning to a social-welfare group that the bombs had been planted. As they started to evacuate people from nearby houses, the first of the bombs, set to explode at five-minute intervals, went off, a spokesman said.



STATE VISIT — Romanian President Nicolae Ceausescu waves as he rides in the State Coach with Queen Elizabeth as they set off on a processional drive to Buckingham Palace.

## As Part of \$1-Billion Rescue Plan

# Zaire to Allow IMF to Manage Economy

By Paul Lewis

BRUSSELS, June 13 (NYT) — President Mobutu Sese Seko of Zaire apparently agreed today to wide-ranging international control of his country's economy as part of a \$1-billion, Western-backed plan for shoring up his shaky regime, further weakened last month when Soviet-backed rebels invaded Shaba province and closed some of its mines.

Today's agreement, which provides for the International Monetary Fund in Washington to take effective control of Zaire's economy, was reached on the first day of a two-day meeting here between the United States and 10 other Western countries backing a new plan for strengthening Zaire's economy and underpinning the Mobutu regime.

Besides the United States and Zaire, other participants in today's meeting were Britain, France, West Germany, the Netherlands, Belgium, Italy, Canada, Iran, the IMF and the World Bank. Although Saudi Arabia is not represented at the talks, it has agreed in principle to join these other countries in giving economic aid to Zaire.

**Protection of Mines**

But although this meeting is concerned only with getting Zaire's damaged economy working again, the participating governments know they cannot succeed unless

the mines of Shaba province, which provide most of the country's wealth, are protected against new attacks by rebel forces based in neighboring Angola.

Since last month's rebel invasion, the United States, France and Belgium have backed efforts to create a pan-African military force that will help the demoralized Zairian army protect Shaba against further attacks.

The participants at today's meeting were discussing a long-term proposal, known as the "Mobutu plan" under which the West will pump up Zaire's ailing economy over the next two years.

However, the United States and its Western partners are insisting that President Mobutu accept strict supervision of his country's economy by the IMF and other international bodies in return for this assistance, to make sure the money is not wasted.

Today, the Belgian government spokesman said the Zaire delegation has agreed to let the IMF put a representative in the central bank of Zaire to oversee all spending. Zaire also accepted a similar outside overseer in its Finance Ministry and will impose new restrictions on imports to save foreign exchange.

But officials here tonight said that before Western governments provide more long-term aid for Zaire, they want President Mobutu to draw another loan from the IMF and agree to carry out the tough economic policies it will demand in return.

If Zaire can reach agreement on new economic policies with the IMF, a group of big international banks, headed by Citibank, is also expected to provide further assistance and ease repayment terms on some of the country's huge outstanding loans.

## Kenya, Tanzania Moving Toward Normal Relations

By David Lamb

NAIROBI, June 13 — Amid much fanfare, Kenya recently released three Tanzanian vessels it had seized on Lake Victoria when the border between the two countries was closed in February, 1977.

Although the boats had been stripped of navigational aids, lifeboats, life jackets, radios and galley equipment, Tanzania accepted their return with gratitude at a brief ceremony.

Tanzanian sailors scrambled aboard the Victoria, Nyangumi and Umjia, used to ferry passengers and cargo on the lake. After fiddling with the controls for a few minutes, the pilots had to admit that they had forgotten how to work them.

"Don't worry," a Kenyan pilot said in a show of neighborly good will, "we'll teach you." Whereupon he pushed the Victoria ahead full throttle, ramming the other two boats, nearly sinking all three and causing damage that will prevent their return to service for three months or more.

However inauspicious the occasion was, it at least served to remind everyone that two old friends, capitalist Kenya and socialist Tanzania, are making modest progress in solving what is probably the least necessary of Africa's 15 border disputes.

The border was closed to ground and air traffic 17 months ago by Tanzanian President Julius Nyerere because, among other things, his country was not getting its fair share of the lucrative East African tourist market.

At the time, most safaris originated and ended in Kenya and usually included only a day or two in Tanzania, so Kenya got the lion's share of the tourist dollar.

Everyone was the loser. Kenya lost a trading partner that annually brought \$15 million worth of its products. And Tanzania, which has more wildlife but less sophisticated tourist facilities, lost much of its tourist industry. Today most of the privately owned game lodges in Tanzania are closed, and tourists spend their entire safaris in Kenya.

At the time of the closure, Tan-

zania seized 90 vehicles and 30 light aircraft of Kenyan registration inside its borders. Kenyan officials are at present in Dar es Salaam, the Tanzanian capital, negotiating release of the equipment, valued at \$25 million.

The biggest inconvenience to most travelers was Mr. Nyerere's decision to prevent international carriers from landing in Dar es Salaam if they had touched down in Nairobi. For lack of the African air corridor, travelers flying between the two capitals must make connections in Zambia, the Seychelles or Ethiopia, thus stretching what used to be a 45-minute flight into a two-day, 2,000-mile journey.

Last December, Kenyan and Tanzanian officials agreed to a nine-point pact for normalizing relations. The two countries have been moving gradually in that direction, but diplomatic observers here believe that the reopening of the 420-mile-long border is still a long way off.

© Los Angeles Times

## 4 U.S. Children Lose Fingers In Tug-of-War

HARRISBURG, Pa., June 13 (AP) — A giant tug-of-war at a school turned into a disaster today when a nylon rope snapped, causing four children to have all or parts of a finger amputated.

Dozens of pupils and faculty members were injured, school officials said. Some children, ranging in age from 9 to 13, had rope cuts so deep that the tendons in their hands were severed, according to a hospital spokesman. Fifty pupils and faculty were hospitalized, school officials said, and an 150 were treated by the school nurse, mostly for rope burns and scrapes.

"I heard a snap and saw kids sprawling," said Marshall Layton, the principal. He said the rope breaking sounded like a rifle shot.

A school spokesman said that 2,200 persons were taking part in the game at the Harrisburg Middle School, using a 1 1/2-inch-thick nylon rope. The rope, said to be designed to hold the stress of 3,000 persons pulling, broke 12 minutes after the contest started.

## Helicopter Crashes In New York; 7 Die

KEESEVILLE, N.Y., June 13 (UPI) — An Air National Guard helicopter crashed during a rainstorm today, killing all seven persons aboard.

The helicopter was en route from Plattsburgh Air Force Base to its home base on Long Island.

**A Practical Guide to U.S. Taxation of Overseas Americans**

Recommended by Business Week. Covers both new rules and old rules. Only full-length guide (311 pages) to tax problems facing Americans abroad. By Harvard-trained lawyer T. E. Johnson.

\$28.50 (tax deductible). Add \$2 for air mail outside Europe. By check to Refrain Ltd., 9 Basinghall St., London EC2, England.

## Buenos Aires Bomb Hits General's House

BUENOS AIRES, June 13 (UPI) — A bomb exploded outside the house of an army officer today, damaging the building but causing no injuries, officials said.

The explosion was at the home of Gen. Reynaldo Bignone, who is in charge of the army's political affairs.

**HARRY'S N.Y. BAR**

Est. 1911

Just tell the taxi driver "Sanik roo doo noo"

5 Rue Daunou, Paris

Falkenstein Str. Munich

## UN to Man Checkpoints

# Israelis Finish Lebanon Pullout

MIS-AL-JEBEL, Lebanon, June 13 (AP) — Israel today lowered its flag over southern Lebanon, ending a 91-day occupation of the zone north of the Israeli border, which is now to be controlled by United Nations forces and Lebanese Christians.

Platoons of Israeli and Lebanese soldiers saluted flags of the two nations at a turnover ceremony in the central square of this Moslem village. Then the Israelis boarded three armored personnel carriers and rumbled toward the border a mile south.

In the Israeli border town of Metulla, an army spokesman said that the Israeli withdrawal was completed.

Control of the 6-mile-wide strip from the Mediterranean to Mount Hermon in the east had remained in doubt until a last-minute agreement yesterday between Lebanese and UN commanders.

Col. Saad Haddad, the local Christian commander, said that he had agreed to permit UN troops to man checkpoints and observation posts after getting a pledge from Maj. Gen. Emmanuel Erskine of Ghana that his international force would respect Lebanese integrity and halt Palestinian infiltration into the area.

Sovereignty Respected

The agreement, Col. Haddad said, is in full accordance with the main job of the UN force and guards "our Lebanese sovereignty. He did not give details of the accord.

Col. Haddad said that he hoped the UN force would succeed in keeping the area clear of terrorists and warned that the Israeli army might return to southern Lebanon if the United Nations failed to protect the Christians from Palestinian attack.

The United Nations, which controls the rest of the 500 square

300 armed Palestinians had retreated southern Lebanon.

During the turnover, Maj. Ge Avigdor ben-Gal, who commands Israel's northern front, reviewed the Lebanese platoon and shook the hand of each soldier. Two Lebanese armored personnel carriers manufactured in the United States and supplied by Israel, were parked at the edge of the square.

The UN force (UNIFIL) has declared that it will restore the peace and keep the area clear of terrorists, Gen. ben-Gal said.

The United Nations has about 5,000 troops in southern Lebanon with contingents from France, Nigeria, Senegal, Norway, Iraq, Fiji, Ireland and Canada.

## Franjeh's Son Is Killed In Phalangist Militia Raids

(Continued from Page 1)

which the Phalangists want to take over.

The Christian rift exploded three weeks ago in attacks by Mr. Frangieh's followers on a Phalangist enclave in northern Lebanon in which five Phalangists, including a regional leader, were killed.

In this morning's reprisal, a force estimated at 600 men — Phalangists and men from nearby Becharre, a rival village — surrounded Ehden and opened fire on the Frangieh villa. The Frangieh household later confirmed that Tony Frangieh, his Egyptian-born wife, Vera, and their 2-year-old daughter, were the first deliberate murder in the civil war of the son of a prominent warlord on either side. Commentators said it could have more consequences than the post-war assassination of Kamal Jum-

blat, leader of the pro-Palestinianist Moslem side; his death in Lebanon's Moslem community leaderless. Later, Christian bloodshed now could divide the sect to the point of paralysis, sources said.

Even before today's clash, co-ordination had frayed among the groups of the three main Christian leaders — Mr. Gemayel, Mr. Frangieh and former-president Camille Chamoun. Friction was attributed both to rivalries for local advantages and to differing views about Syria.

After accepting Syrian help in tactical reasons during the war, many Lebanese Christians now have reverted to their traditional suspicions of Syrian intervention in Lebanon. When the Lebanese Front recently blocked Syrian suggestions by President Sarkis, Mr. Frangieh appeared ready to break ranks for his own advantage.

## Castro Says Aides Mised Carter on Zaire Invasion

(Continued from Page 1)

May, the first news was released of the Shaba events. Between the 12th and 15th of May, two statements were released by the U.S. government that contained the truth, saying there was no evidence Cubans were involved in this operation.

"On the 15th, through the U.S. interests section here, we received a message coming from officials of the U.S. government on the highest level. In our opinion, that was the message on Africa that was constructive and positive."

At first Mr. Castro resisted naming the source of this message, but later he explained that he had been advised that his original message had been conveyed to Secretary of State Cyrus Vance, who gave it to Mr. Carter, and that the return message apparently was the product of both men's thinking.

instrument against us," Mr. Castro said.

He said that during the Senate debate earlier this year on the sale of fighter planes to Egypt, Saudi Arabia and Israel, "someone within the administration" used the presence of the Cuban advisers in Southern Yemen to "convince the Senate on the advisability of the sale of the planes."

"All this gives me the impression someone inside the administration is making use of lies to manipulate Congress and the president," he concluded.

His voice rising with emotion, he reiterated his assertion that Cuba had not supplied arms, training or advisers to the Katangans, and, in fact, had deliberately avoided contact with them because Havana feared that an attack on Zaire would divert world attention from the struggle against the governments of Rhodesia and South Africa.

"We assist liberation movements in South Africa and Rhodesia and we do not deny that," he said.

This exchange, he said, was, in his opinion, a "positive and constructive gesture" between the two countries. He said that the message conveyed to him by the U.S. officials contained "a kind response and expressed satisfaction of my talk with Lyle Lane," the chief of the diplomatic office that the United States maintains in Havana.

Within hours, the Cuban leader charged, the content of his messages to Washington had been leaked to the U.S. press.

"Not all of it was leaked," he said, "but part of it that we had given assurances to the U.S. government that we had no role in Shaba."

By that evening, a State Department spokesman in Washington made the accusation that Cuba had a role in the Katangan invasion.

"It was a brutal war, a really gross and offending war that had no consideration at all for us," he continued, his voice showing occasional anger. "It was something really strange. If the U.S. had any doubts it could have conveyed those doubts to us through Mr. Lane, but it all happened within hours."

He said that the closing of the U.S. diplomatic office here, a step that has been recommended by some key U.S. political figures, would be counterproductive, and would force the closing of the Cuban office in Washington.

Regarding Mr. Brzezinski, the Cuban leader said that "in my personal view" the president's national security adviser had made deliberate attempts to use the African problem to impair U.S.-Cuban relations. "He has used blackmail as an

"We assist liberation movements in South Africa and Rhodesia and we do not deny that," he said.

## Not to Use A-Atoms

# Non-Nuclear States Get Hedged U.S. Bomb Vow

By Don Oberdorfer

WASHINGTON, June 13 (WP) — The United States has issued a complex, and highly qualified pledge not to use nuclear weapons against countries that have none themselves.

Secretary of State Cyrus Vance made the pledge public yesterday, in the name of President Carter. State Department officials said it was designed to "extend a feeling of security" to countries that renounce atomic weapons, and to improve the U.S. posture at the current United Nations special session on disarmament.

The 73-word pledge will have little practical effect on U.S. policy on the use of nuclear weapons, officials admitted. It does not appear to change the substance of a pledge made by Mr. Carter on Oct. 1 at the United Nations.

Nevertheless, proponents within the government expressed hope that the new pledge would be welcomed by Third World nations, particularly those such as India that have not yet signed the non-proliferation treaty renouncing acquisition of nuclear weapons.

**U.S. More Cautious**

Asked to cite an example of the new pledge would make a practical change, an official replied: "A Ruritanian civilian were to kick GI, the U.S. would not be barred from using nuclear weapons [under the previous pledge]. Under the new pledge, it would."

The United States, the Soviet Union and other nuclear powers have often been urged to make clear pledge never to use nuclear weapons against states that do not have them, as part of the political price to be paid to nations that forgo the nuclear option. State Department officials said that one of the reasons for yesterday's statement was that European countries, Japan and Third World countries had been urging some U.S. assurance.

**New Reference**

Mr. Vance aired the statement in a brief press appearance before going to Andrews Air Force Base to greet Indian Prime Minister Morarji Desai, who arrived on a state visit.

The pledge said: "The United States will not use nuclear weapons against any non-nuclear weapons state party to the Non-Proliferation Treaty or any comparable internationally binding commitment not to acquire nuclear explosive devices, except in the case of an attack on the United States, its territories or armed forces, or its allies, by such a state allied to a nuclear weapons state, or associated with a nuclear weapons state in carrying out or sustaining the attack."

At the United Nations in October, Mr. Carter said much the same thing, but without specific reference to states that renounce nuclear weapons. His pledge then was: "We will not use nuclear weapons except in self-defense; that is, in circumstances of an actual nuclear

## U.S. Held Cuba Note

(Continued from Page 1)

brief senior members of the House International Relations Committee who had written to Mr. Carter, requesting a clarification of White House policy toward the Soviet Union.

Mr. Powell said that the administration had been considering foreign policy briefings for Congressmen and that Mr. Vance planned to honor the congressional requests.

Rep. Clement Zablocki, D-Wis., chairman of the House International Relations Committee, and 13 other committee members, had signed the letter to Mr. Carter.

"Many members of Congress are embarrassed by their current inability to answer questions from their constituents as to what is U.S. policy on such issues as Soviet-American relations and Africa," the letter said.

The Soviet Union has pledged not to use nuclear weapons against a state that has renounced them and that has no nuclear weapon based on its territory.

## Irianese Arrested; Said to Aid Rebels

JAKARTA, Indonesia, June 1 (Reuters) — An undisclosed number of Irianese have been arrested by Indonesian troops near the border with Papua New Guinea. They are charged with helping a group of separatist Irianese rebels cross the border into Papua territory, military sources said here today.

The rebels are said to have killed two of seven Indonesian officials that they seized May 16. They had been demanding \$400,000 ransom.

**A suit that's almost as light as a shirt**

IT WEIGHS under 25 ounces, and yet it washes just like a shirt. It dries in three hours without a wrinkle, and so no ironing is needed. And it comes in various blues and beiges, plain or with very fine stripes, and also in khaki (¥ 1,550).

The secret of its extraordinary lightness is the way the cloth is woven: it's a Terital twill made on silk looms.

Lanvin 2 can also show you a bush jacket in the same fabric: in blue, beige, khaki or white (¥ 1,390).

**LANVIN**

2, rue Cambon, Paris 1<sup>re</sup> - tel. 260 38 83

**A Practical Guide to U.S. Taxation of Overseas Americans**

Recommended by Business Week. Covers both new rules and old rules. Only full-length guide (311 pages) to tax problems facing Americans abroad. By Harvard-trained lawyer T. E. Johnson.

\$28.50 (tax deductible). Add \$2 for air mail outside Europe. By check to Refrain Ltd., 9 Basinghall St., London EC2, England.

**HARRY'S N.Y. BAR**

Est. 1911

Just tell the taxi driver "Sanik roo doo noo"

5 Rue Daunou, Paris

Falkenstein Str. Munich

كلنا من الأصل





# Communists Vote Loss

ROME, June 13 (UPI) — Italy's powerful Communist Party today announced the results of the recent nationwide referendum and found it had suffered a major defeat.

Both the Communists and the Christian Democratic Party emerged victorious in the two-day vote. The Communists, who had hoped for a narrow victory, suffered a major defeat in the referendum on the proposed new constitution.

Following the instructions of the majority parties, 76.7 percent of eligible voters voted against the proposed new constitution. But only 56.3 percent voted to retain the bill that would have given the Communists a major role in the government.

The Communists publicly congratulated themselves on the victory, saying they were said to be the only party to have won the referendum. But the police power law, which would have given the Communists a major role in the government, was rejected by a large margin.

## Canada Charges Paper Revealed Double Agent

TORONTO, June 13 (UPI) — In a case first ever brought against a newspaper under Canada's Official Information Act, the government has charged that articles printed in the Toronto Star revealed the identity of a Canadian double agent to Soviet intelligence.

The hearing into the charges, in which the Star's editor Peter Worthington and publisher Douglas Creighton could be sentenced to 14 years in prison if convicted, began yesterday.

## 2 Haitians Rescued Off Coast of Florida

WEST PALM BEACH, Fla., June 13 (UPI) — Fishermen yesterday rescued 12 Haitians from a sinking boat — just hours after a ship of the same name was taken to a Boynton Beach marina for processing by immigration authorities.

Under new U.S. guidelines, Haitians arriving in the United States must be given work permits until appeals determine whether they are political or economic refugees.

## Movies in Paris

### Hitler's Career in Seven Long Hours

By Thomas Quinn Curtiss

PARIS, June 13 (IHT) — Hans Jürgen Syberberg's "Hitler, A Film of Germany," lasts in its entirety for seven hours. Due to its unwieldy shape, it is being shown in four separate sections at the Studio des Ursulines. It was financed at a million deutsche marks by the BBC, the French Institut National de l'Audiovisuel and two German companies and the result is less a motion picture than it is a misguided television serial.

The program informs us that it is not "porno," nor a documentary, nor a diversion, nor a horror movie, nor a social critique, but a voyage into the heart of the night, an internal voyage to a lost paradise, into our most profound "I." This highfalutin statement is no explanation; it is just a dodge.

What has been delivered is a grotesque, interminable nonsense. Was its expensive trip really necessary? Hitler's career has been illustrated by newsreel footage and nausea. Linger on it with raving camera for seven hours is excessive and not a little unhealthy. It is also disputable that the seeds of Hitler lurk in everyone — as is vaguely implied. Very few of us are resentful, rejected painters serving in the ranks of the German Army during World War I, nor did many of us take to know rabble-rousing in the period that followed.

While it is true that Hitler parroted the ideas of others, incessantly distorting them, as a personality he was a unique monstrosity and the attempt to generalize about him meets defeat. He is a case for psychiatrists rather than for movie directors. Syberberg's quasopportunity is murky in its machine stylization and roundabout approach, with Hitler and his Nazi henchmen as cardboard cutouts and hand puppets with off-screen voices babbling their notorious imbecilities.

Thomas Mann once commented that it would be flattery to refer to the Nazi regime as "devilish," but Syberberg has sought to stress its satanic will-to-evil.

The treatment is peculiar and not always intelligible, straying in its search for references from its announced purpose. Von Stroheim's differences with his Hollywood producers are introduced and the butchering of his work by Louis B. Mayer and Thalberg is depicted. The Soviet studio overlords are charged with the botching of Eisenstein's "Ivan the Terrible." Actually, it was Stalin who advised — at a mid-night conference in the Kremlin — on the course of that movie biography. And it was Stalin's disapproval of the film's second part that led to its banning and prevented the shooting of the projected third installment.

One is in accord with Syberberg's protest against artistic vandalism, but instancing the violent anti-intellectual campaign of the Nazis would have been more to the point. This oversized, overloaded phantasmagoria drifts listlessly on dark, turgid waters, its sails drooping, its rudder apparently lost.

In making her film, "Promenade au Pays de la Vieillesse" (A Walk in the Country of Old Age, at the 14-Juillet Parnasse and the 14-Juillet Basilique), Marianne Ahrne, an enterprising Swedish director, has performed an act of courage, as Simone de Beauvoir compliments her.

Old age is a subject that is avoided, being a chilling reminder of human destiny, and discussions of it are held to be in bad taste. Only in the Orient does the senior generation receive respect. Elsewhere, growing old is regarded as rather ridiculous and shameful and it is deemed wise for everyone to lie about their age like ham actors.

The Ahrne film is a thoughtful, well-made documentary. With inquiring camera and microphone, it journeys into the world of men and women who can no longer be exploited and have been relegated to the junk heap by society. Simone de Beauvoir, who has written a study of the aged and their problems, has collaborated on the script and appears to give her views. The inmates of the old-age homes and their doctors and nurses are interviewed and the grim evidence collected is of high sociological value.

The approach has nothing of the mawkish sentimentality of "Over the Hill to the Poor House"; it is intelligent, informative and humane. It is not only a worthy, high-minded work but one that in its excellently ordered presentation reveals a director of commendable cinematic skill.

"Every Home Should Have One" (at the Balzac, the Hauteville and the Marignan in English) discloses the dire state to which screen comedy often falls these days. During its dull, though agitated, course no stale gag is left unturned, and it is impossible to look long into Marty Feldman's bulging eyes. Harold Lloyd, Buster Keaton and Charlie Chaplin were funny men who wore funny clothes and performed funny antics, but they did not resemble sideshow freaks.

Mack Sennett did, of course, have his squad of grotesques: Fatty Arbuckle and the equally obese Hughie Mack; the walrus-moustached Chester Conklin and the wispily Lucien Littlefield, who usually impersonated small-town mayors or the victim of fraudulent oil-stock salesmen. And there was the cross-eyed Ben Turpin. But one was not tempted to avert one's gaze.

The "comedy" in question was manufactured in England three years ago before Marty Feldman



A scene from "Hitler, A Film of Germany."

attained status as a Hollywood star-director. It concerns an idea of a television advertising firm whose function is to popularize a brand of porridge. The innocent nursery sell failing, he seeks to promote the product by means of sex lure while his wife is serving on a censorship committee and is in danger of being seduced by a hypocritical clergyman. To augment the refinement of the proceedings, there is a theme song: "Think Dirty." Shelley Berman was im-

ported to enact a brash American Babbitt, and he and Feldman appear to be intent on topping one another in being depressingly unfunny.

With the arrival of this export of the London studios comes the news that the British censor has banned Louis Malle's film, "Pretty Baby" (already proscribed in sections of Canada). According to Malle's report, the censor fears that "Pretty Baby" incites to the molesting of minors.

## Appetite for Postcards Grows in U.S., Europe

By Rita Reif

NEW YORK (NYT) — They came from France, Belgium, Britain, Canada and throughout the United States. And they were having a wonderful time — or so it seemed. Indeed, virtually all the postcard collectors and dealers interviewed at the First International Postcard Bourse held at a New York hotel were enthusiastically doing their thing — deftly fingering through thousands of cards in shoeboxes and albums to find the ones that would enhance their collections.

And some of them did succeed. According to Leah Schnall, the show's producer, many of the 1,500 who attended the three-day event left smiling and with stacks of cards. One dealer who flew in from Paris raked up \$12,000 in sales. "That's a lot of postcards," commented a collector. "After all, most sell for well under \$100 each."

The appetite for picture postcards has increased at a phenomenal rate in recent years, reported Andreas Brown, owner of the Gotham Book Mart and Gallery, where he is now showing (through June 30) part of his own formidable collection. Mr. Brown said he became "hooked" at the beginning of the postcard-collecting boom four years ago and, ever since, has not been able to stop shopping for the miniature images that strike his fancy. He now owns more than 20,000 and as the exhibition shows, the collection, although wide-ranging, is strongest in surrealism and fantasy.

The interest in postcards may even be more impressive in Europe, judging by the recent proliferation of galleries and shops in Paris and London. Jacques Fivel, a French

dealer, said that the number of shops in Paris that specialize in period picture postcards has skyrocketed in five years from a few to 35. And last month a world record at auction was established in Paris when a postcard of Toulouse-Lautrec's "La Goulue" sold for the equivalent of \$841.

The British are postcard buffs, too, according to John Bowen, a private dealer from London. There, he said, the collecting fad began five years ago and now supports 25 dealers. 10 of whom have shops.

To date, New York has none. But collectors number in the hundreds in this area — and in the thousands nationally.



New staging of Janacek's rarely performed "Osud" was offered by Ceske Budejovice theater.

## A Survey of Janacek at Prague Festival

By David Stevens

PRAGUE, June 13 (IHT) — The commemoration of the death half a century ago of Leoš Janacek was the keynote of this year's Prague Spring Festival, with a wide-ranging survey of his music that included two operas that are real rarities, even in his native Czechoslovakia.

"Sarka," the first, and "Osud," the fourth of Janacek's nine operas, have never achieved anything close to repertory status, nor are they likely to. Yet they have their place in a commemorative year, helping to trace the development of this highly original musical dramatist, and — in worthy productions by Czech provincial companies — they proved to be rewarding works on their own.

"Sarka" was written in 1887 when the composer was 34, and repeatedly revised until it finally was staged in Janacek's home opera house in Brno. It has Janacek drawing for the only time on Czech mythology for his libretto, and it reveals him as very much the inheritor of Smetana's harmonic language and rhapsodic lyricism, yet this is colored by ample hints of the more compact and hard-edged musical speech to come.

The work's three scenes last little more than an hour and it has only four solo parts, the title one being that of a kind of warrior-priestess who is one of the central figures in the myths of Czech prehistory. In the production from Ostrava, this was sung by Eva Kincleva with the right blend of femininity and heroism. The staging by Ilya Hylas, workmanlike rather than poetic, was sped along by the unit revolving set of Otakar Schindler.

Undramatic Libretto "Osud" (the word means "fate") is a stranger case. Written from 1903 to 1906, it comes immediately after "Jenufa" — Janacek's first opera in his mature and distinctive style, and still his most popular — and after the death of his beloved

## MUSIC

daughter. It is lumbered by a libretto, largely Janacek's own work, that is full of the undramatic messiness of real life rather than the orderliness of good dramaturgy. While few of Janacek's texts would satisfy an orthodox dramaturgist, this one kept "Osud" off the stage in the composer's lifetime.

It did not reach the stage until 1958, in almost simultaneous productions in Brno, in a restructured version, and in Stuttgart, in the original version also followed in this new staging by the theater in Ceske Budejovice.

The story draws heavily on real events and characters known to the composer. At a Czech spa, a composer renews a liaison with a young bourgeois woman. Act Two shows the composer having trouble with an opera he is composing as well as with married life, but the act ends with the woman's bizarre accidental death, leaving the composer with his autobiographical opera that — years later — he still cannot decide how to end.

Clarion Tenor Even if the music never quite gets this load of improbabilities off the ground, it is consistently interesting and bears all the earmarks of Janacek's fully developed musical speech. The opening act is a kind of conversation piece with a dancelike substructure that captures the picture of a turn-of-the-century spa, while the third act evokes the dusty, music-conservatory atmosphere before ending in the long, delicious lyrical flight by the dying composer as he havers between fantasy and fact.

The role of the composer was sung by Joseph Hajos in a clarion tenor that suggested he may be one of the rare Czech singers to achieve more than a local career. He also bore an apparently unintentional

resemblance to Janacek himself, in Miloslav Nekvasil's staging. Oldrich Vavricka's sets and projections wavered uneasily between realism and murky symbolism. The Ceske Budejovice orchestra had its rough moments, but played with spirit under Karel Nosek, and the youthful cast sang and acted with as much conviction as could be asked for.

Another aspect of Janacek, the Moravian folklorist, was presented by the Ostrava troupe on the double bill with "Sarka." This was "Rakos Rakocy," a set of orchestral dances, some with chorus and solo voice, that had its first performance in 1891 in Prague — almost a quarter-century before the capital discovered the dramatist of "Jenufa."

## Obituaries

### Kuo Mo-jo, 86, Novelist, Poet, a Friend of Mao

TOKYO, June 13 (AP) — Kuo Mo-jo, 86, China's leading cultural figure and a friend of the late Mao Tse-tung, died yesterday, Japanese newspapers reported today.

The poet, novelist, translator, essayist, dramatist and propagandist was president of the Academy of Sciences, chairman of the China Federation of Literary and Art Workers, and China's chief spokesman during the peace movement of the 1940s and 1950s.

There was no official confirmation from Peking, which generally waits several days before disclosing the death of one of its leaders.

News of his death brought expressions of regret from Japan's Premier Takeo Fukuda and leaders of other political parties. Honorary president of the China-Japan Friendship Association, Mr. Kuo spent 20 years in Japan, where he met and married Tomiko Sato, a nurse, and turned out some of his best literary work.

Deep Influence He wrote novels, plays, essays and autobiographies and translated works by Marx and Upton Sinclair.

Maintaining touch with leftist intellectuals in Shanghai, he launched in 1930 the League of Left-Wing Writers, which deeply influenced the Chinese literary scene.

Born in Szechuan province in 1891, he was originally named Kuo Kai-chen, the fifth child of a merchant landlord family.

At 15 he began the study of English and Japanese — two of his brothers already were students in Japan — and contracted a disease that left him with a bad back and impaired hearing. Something of a playboy in his early years, he became interested in revolution through his association in Japan with other Chinese youths.

His prolific writing career began in 1917 with the translation of the poems of Rabindranath Tagore, the Indian poet. In that year he changed his name to Mo-jo.

When he made his final return to China in 1937, he left his Japanese wife behind. The last five years of the Sino-Japanese war, which he spent in Chungking, touched off another burst of creativity as he produced several dramas, historical and archeological works.

Throughout these years he was what the Communists called a "democratic personage," a member of no political party. When the People's Republic was proclaimed in 1949, he was one of those the Communists chose to symbolize cooperation with non-Communists.

He became one of four vice premiers and was put in charge of the Culture, Education and Public Health Ministries. At the same time, he became president of the Academy of Sciences and chairman of the China Peace Committee. He was awarded the Stalin peace prize in 1951.

He was elected on several occasions to the National People's Congress and was a vice chairman of its standing committee.

As one biographer put it, "he may well be, in short, the closest thing to a Renaissance man that China has produced in this century."

At the start of the 1966-69 Cultural Revolution, he offered to burn all his works on the ground that they were flawed from a Marxist viewpoint. Mao, whom he had known as a friend for years, refused to accept the offer.

Harold Wright

NEW YORK, June 13 (AP) — The Rt. Rev. Harold Wright, 48, the first black bishop in the Episcopal Diocese of New York, died Sunday, apparently of a heart

attack.

Johnny Bond

BURBANK, Calif., June 13 (UPI) — Country entertainer Johnny Bond, 63, whose early hits "Divorce Me C.O.D.," "Smoke! Smoke! Smoke!" and "Tennessee Saturday Night" became country-western standards, died yesterday.

Austin T. Cushman

CHICAGO, June 13 (UPI) — Austin T. (Doc) Cushman, 76, former chairman and chief executive officer of Sears, Roebuck & Co., died yesterday in Pasadena, Calif.

AUCTION SALE IN VERSAILLES (France) Sunday, June 18, at 2 p.m. Hotel CHEVAL-LEGER

Collection of rare TIN SOLDIERS FIRE-ARMS, SIDE-ARMS

Experts: Messrs. GLAIN and FOURY. Public viewing, June 16 and 17. Mrs. CHAPPEL, FERRIN and RICHANTIN, Auctioneers. 3, Impasse Cheval-Leger, Versailles. Tel.: 950.75.04.

ART 978 BASEL 14-19 June 1978 Eminent French Artist

THEO TOBIASSE

Important exhibition of oil and gouache paintings

GALERIE PASAL Stand 13-214.

## DIAMONDS

Your Best Buy single diamonds at wholesale prices by ordering direct from Antwerp, the world's largest cut-diamond market. Give diamonds to your lady, buy for investment, for personal use.

Write for mail for price list or call us:

Joachim Goldenstein THE DIAMOND CLUB BLDG. "Established 1928" 62 Polikarstraat, Antwerp (Belgium). Tel.: 31-33 09 82.

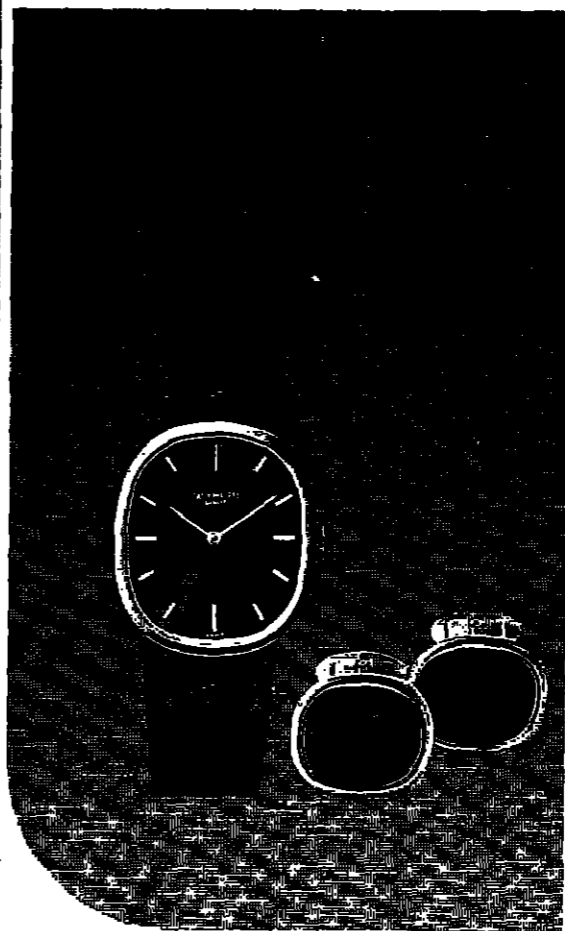
Gold Medal THE DIAMOND CLUB BLDG. 62 Polikarstraat, Antwerp (Belgium). Tel.: 31-33 09 82.

Unmistakable

Golden Ellipse and 18 kt. blue colored gold. They invariably identify Patek Philippe designs. They tell you that the watch was finished entirely by hand, in the manner practiced by Patek Philippe since 1839.

The Golden Ellipse was derived by Patek Philippe from the Golden Section, the principle which already inspired the design of the Parthenon. Blue colored gold is a bit of alchemy signed Patek Philippe.

Men's model Ref. 3748. Outlinks also feature Golden Ellipse, 18 kt. blue colored gold.



PATEK PHILIPPE Ennobled by the craftsman's touch.

Catalogue and list of nearest jeweler from Dept. HT, Patek Philippe S.A., 41 Rue du Rhône, 1211 Geneva 3, Switzerland.

## Renault Sets Miller Reaffirms Bid Romanian Auto Pact French to Double Current Production

PARIS, June 13 (Reuters) — Renault said today it signed a contract worth over 4 billion francs (nearly \$1 billion) under which it will double capacity at its Piesti plant in Romania from the current annual level of 75,000 cars.

The plant currently makes the R-12 model and the new R-18 model will be built at the plant. But in 1990, 90,000 of the R-18s will be assembled there and output of the R-12 will be cut to 60,000 units.

Another Romanian factory will manufacture pick-up trucks derived from the R-18. Output will ultimately total 35,000 a year.

Some parts for the pick-ups, notably the motors, will be supplied from France, Renault said, and Romania will increase its imports of Renault parts for its own manufacture of small industrial vehicles.

Renault will handle the marketing of the R-12s, known as Dacia 1300 for the Romanian-produced models, and the pick-ups on export markets. The contract also covers the supply of capital goods by Renault for the building of a new plant at Piesti, Renault said.

A company spokesman said Romania will develop components, notably gearboxes and front and rear axle assemblies for small goods vehicles built by Renault in France.

## Brazil Drought Seen Hurting Crop Export

WASHINGTON, June 13 (AP-DJ) — The worst drought in Brazil's history could cause a \$1.5-billion drop in agricultural export earnings, reducing the level this year to about \$6.5 billion, according to a U.S. Agriculture Department report.

Soybean production is expected to fall to 10 million tons, corn to 14.3 million tons, rice to about 7.5 million tons and cotton to 290,000 tons.

Coffee, sugar, peanuts, tobacco, citrus and beef, however, are not expected to be affected.

## Greek Aide to Moscow

ATHENS, June 13 (AP) — Foreign Minister George Rallis will make an official visit to Moscow in September, the Greek government said today.

ZURICH, June 13 (UPI) — Federal Reserve Board chairman William Miller reaffirmed today Washington's commitment to a sound and stable dollar.

Addressing more than 600 U.S. and Swiss bankers and businessmen, he said the United States is aware that a weak dollar will fuel inflation and unemployment.

"I want to make it clear there is a deep commitment to the dollar," he stressed at a luncheon organized by the Swiss-American Chamber of Commerce. "We have a responsibility to maintain stability. We also have a tremendous self-interest in a sound dollar. There should be no doubt that it is our determination to have a sound and stable dollar."

At the same time, however, Mr. Miller, in a news conference after his speech, made it clear that Washington has no plans for massive intervention on exchange markets to support the dollar. He said the United States is "marshaling resources" to stop speculation but is not committed to defend a particular rate for the dollar.

The policy is to intervene when necessary to ensure orderly conditions on currency markets with this being a "bridging action" until the United States demonstrates that it is changing fundamental problems — inflation, unemployment and the payments deficit. These are interrelated and cannot be solved independently, he said.

"There is no way we can have a declining dollar without feeding the forces that bring on inflation and, as a consequence, higher unemployment," he said.

The dollar's latest decline, he said, will add 0.75 percent to the U.S. inflation rate this year.

## Criticism Mounting

BASEL, June 13 (AP-DJ) — Criticism of the international currency float is sharpening among European central bankers as they become cautiously hopeful that governments might do something about it.

W. German Savings Off

BONN, June 13 (AP-DJ) — Money placed in West German savings banks fell 451 million Deutsche marks in the first four months of 1978, the first decline since 1969, Helmut Gager, president of the Savings Banks Association, said today. The decline in the first four months compared to an increase of 379 million DM in the year-ago period.

## Dollar Slips to a New Low Against Yen

TOKYO, June 13 (Reuters) — The dollar sank briefly to 216.20 yen in hectic trading on the Tokyo market today — its lowest price ever — and many dealers said they expected it to fall even lower.

The previous low was 218 yen, set last April. The latest fall against the yen began earlier this month and was triggered mainly by continuing signs of a huge Japanese trade surplus with the United States.

The Bank of Japan did not intervene today, Tokyo dealers reported, but the dollar climbed slightly in later trading to close at 217.35 yen.

Meanwhile, Mitsubishi Research Institute predicted today Japan's visible trade surplus will rise to \$22.27 billion in fiscal 1978 and \$25.26 billion in fiscal 1979 compared to an actual \$20.42 billion in fiscal 1977, which ended last March.

The current-account surplus will be little changed from the \$14.03 billion in fiscal 1977 but will rise to \$15.68 billion in fiscal 1979, it forecast.

Mitsubishi predicted Japan's real economic growth in fiscal 1978 will be 5.2 percent against the government target of 7 percent, although it may rise to 6 percent by a supplementary budget. The institute assumed an exchange rate averaging 223 yen to the dollar in fiscal 1978 and 219 yen in fiscal 1979.

In related news, Toyota Motor said car exports in May rose 4.1 percent to 131,883 units from 126,682 in April and were up 7.9 percent from May last year. Nissan Motor, which exports Datsun cars, said exports last month increased 9.6 percent of 107,841 vehicles from the previous month and showed a 19.5-percent rise from a year earlier.

Against the Deutsche mark, the dollar edged up 25 points to 2.0830 DM. Some traders noted resistance at the 2.08-DM level, hinting that central bankers could have been intervening. The dollar firmed 65 points against the Swiss franc at 1.8945 francs. In French franc dealings, the dollar was unchanged at 4.5875 francs. Sterling, meanwhile, lost 43 points at \$1.8340 in spite of continued foreign purchases of British government bonds.

French Growth Put At 3.7% Through '83

PARIS, June 13 (AP-DJ) — France is expected to experience moderate growth, persistent inflationary tensions and a difficult employment situation through 1983, according to the statistical institute.

Based on a likely annual average growth rate of 3.2 percent for industrialized nations as a whole between 1976-1983, France's gross domestic product is expected to grow at an average annual rate of 3.7 percent during this period. According to latest government projections, however, growth this year is likely to be 3.2 percent, rising to 3.7 percent in 1979.

French consumer prices should rise at an annual rate of 8 percent compared with 6.6 percent for its major trading partners, the report said.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

Overseas building and civil engineering

Turnover rose substantially. Middle East main area of activity; new offices opened. Canada—record turnover improved profitability and diversification. Nigeria—considerable expansion achieved. Trinidad—solid progress on building and industrial projects. Venezuela—agreement to provide building technology. France—steady progress on private housing.

Offshore Engineering

Fourth North Sea Oil production platform under construction by Highlands Fabricators. Diversifying into new fields of steel fabrication. Participating in fabrication of offshore drilling platforms in Venezuela. Wimpey Marine—vessels fully engaged in North Sea.

Mechanical, electrical and chemical engineering

Overseas turnover doubled; diverse workload. Heavy involvement in Saudi Arabia.

Asphalt and quarrying

Turnover increased, despite severe cutbacks in UK public expenditure—quarry sites acquired in Scotland. Expansion overseas continued.

Laboratories

New activities include water well drilling, drainage and dewatering work. Variety of research projects in progress. Laboratory established in Dubai.

Property development

Interests in UK and Europe consolidated in Wimpey Property Holdings. Twenty nine substantial developments in UK. Major schemes in Germany and Holland by Ariel.

Nationalisation

Labour Party proposal to acquire one or more major contractors is irrelevant to needs of nation and industry — would mean higher costs and less efficiency.

1978

The company has a record order book. Chairman R. B. Smith, "Confident we shall have another good year."

UK building and civil engineering

Despite the recession, particularly in civil engineering, turnover increased. Bigger share of private housing market—sales exceed 10,000 units. Over 7,900 homes built for local authorities. Commercial and Industrial Building—satisfactory results. Opencast coal—over 1 million tonnes produced again—increased workload.

INTERNATIONAL  
**Herald Tribune**

Published with The New York Times and The Washington Post

PARIS, WEDNESDAY, JUNE 14, 1978

# TAIWAN—1978

## A Second Chiang Establishes His Reputation

By Donald H. Shapiro

TAIPEI (IHT) — The pageantry surrounding last month's inauguration of President Chiang Ching-kuo was intended to provide a lift in national morale. But the U.S. government's dispatching of Zbigniew Brzezinski to Peking on the same day detracted from the exuberance of the celebration.

It was yet another example of the shadow that has hovered over Taiwan since the United States pledged in the Shanghai Communiqué of 1972 to "normalize" its relationship with China. That step would presumably necessitate a break in U.S. diplomatic and defense treaty ties with Taiwan, as demanded by Peking.

Whatever their private fears, Taiwan officials publicly express unreserved confidence that such a break will never come. "I am an optimist," declared Vice Foreign Minister H. K. Yang. "It seems to me that the pendulum of American public opinion is swinging back from euphoria about mainland China to more sympathy for our position here."

Taiwanese officials argue that the United States, because of domestic political factors, could recognize Peking only if it can ensure that Taiwan's security will not be impaired. But they believe that no formula for accomplishing that feat can ever be found. Once "normalization" occurs, they note, the United States could not give Taiwan any real support without opening itself to charges from Peking of meddling in Chinese internal affairs.

### Struggle

The Taiwanese dismiss the "Japanese formula" — continued economic relations without formal diplomatic connections — as irrelevant to the United States since the Japanese had no role in Taiwan's military security.

Officials vow that Taiwan will adhere to its anti-Communist principles and struggle on, alone if necessary.



President Chiang Ching-kuo on one of his regular weekend trips to meet the people.

essay. "We are not Vietnam," says a senior ambassador. "We will not collapse. We will not run away."

There appear to be few persons in Taiwan, even fervent ones, who seek reconciliation with China. Negotiation is equated with surrender, and the Communist arch-enemy would not be trusted to live up to any bargains struck.

Neither are the Soviets considered reliable. The idea of allying with Moscow, should the United

States forsake Taiwan, is sometimes thrown out in casual conversation but is not taken very seriously.

Taiwan is also unlikely to take up its other main theoretical option — redefining itself as a government of Taiwan rather than China in hopes of eliciting more international support. Such a separatist move might only provoke Peking into greater militancy. It would also remove the rationale for the existing

political structure, in which the "mainlanders" who retreated here in 1949 still play a dominant role.

So far Taiwan has not really felt isolated from the world, even though it exchanges ambassadors with only 23 countries, of whom only the United States and Saudi Arabia could be called major forces in world politics.

Travelers from Taiwan may have to wait longer for visas but can still

gain entry to almost all non-Communist countries. Foreign trade continues without serious obstacle, and low-profile, sub-diplomatic offices, such as the "East Asian Relations Association" in Tokyo, exist in many capitals.

Taiwan has even carried on with its technical assistance program abroad. Specialists in rice cultivation, handicraft, production and other fields are helping to train local counterparts in 18 countries, in-

cluding two that have recognized Peking.

Domestically, Chiang Ching-kuo has won wide popularity as a national leader. In contrast to his father, the charismatic but rather austere Chiang Kai-shek, the younger Chiang has established a reputation as a man of the people. His political trademark is his week-end shirt-sleeved trips to the countryside to shake hands and chat with farmers and fishermen and learn about local problems.

Since becoming premier in 1972, shortly after Taiwan's expulsion from the United Nations, Chiang Ching-kuo has been engaging in a delicate balancing act — trying to appease restive intellectuals by gradually liberalizing the political system but without going so far as to threaten the continued hold on power of the ruling Nationalist Party (Kuomintang).

Martial law has been in force since 1949 but serves chiefly to give the government reserve emergency powers. The main practical effect is to permit military courts to try civilians in cases involving sedition or violation of public order.

The general atmosphere in Taiwan is not that of a police state, and many critics of the government concede that there has been much progress over the past two decades in creating a more open political process.

### Sharp Gains

Last November, for example, young independents challenging Kuomintang candidates for local and provincial posts achieved sharp gains in what was considered the fairest election ever held here.

The 21 independents (up from eight in the previous session) in the 77-member provincial assembly now constitute a political party in all but name. They caucus together and have hired several graduate students to serve as a common staff.

But the independents are not yet ready to risk provoking the government by organizing a formal opposition party. They are acutely conscious of the history of the last such attempt, in 1960, when the incipient China Democratic Party was squashed when its chairman was jailed.

"Neither the independents nor the authorities want to see Taiwan become unstable," said Kang Ning-hsiang, a national legislator who is one of the opposition leaders. "Since only the Communists would gain from that, both sides wish to avoid a sharp confrontation."

"Our aim is to prod the government into promoting more democratic reforms, such as broader elections and less press censorship," Mr. Kang said. "And we hope the government will grow self-confident enough to accept us as a loyal opposition."

### Economy

## Government Policies Aim for Price Stability

TAIPEI (IHT) — The watchword of Taiwan's government leaders on economic policy is "growth with stability." More conservative on fiscal and monetary matters than their counterparts in most other developing countries, they pay at least as much attention to checking inflation as to stimulating economic growth.

Annually the government runs a budget surplus, and interest rates, set by the central bank, are kept relatively high (although they have been lowered substantially since 1974 to relieve a serious credit squeeze on business).

Throughout the recession the government resisted pressure from industry for Taiwan to follow South Korea's example in promoting exports through a currency devaluation. The authorities focused instead on the possible consequences in driving up price levels.

The concern for price stability no doubt stems in part from memories of the hyperinflation of the 1940s that contributed to the weakening of Nationalist control of the mainland.

### Wholesale Prices

It also reflects the low unemployment rate, currently about 2.6 percent, which obviates the need to heat up the economy to create more jobs. Taiwan's efforts regarding manpower, in fact, are aimed at preventing other shortages in the labor force, for example by promoting semi-automation.

For the past two years the rise in wholesale prices was held to only 2.8 percent annually, and the goal for 1978 is to keep the figure below 5.4 percent.

Economic growth rates, while no longer in the 10-13 percent range that Taiwan grew accustomed to before the oil crisis, are still impressive. Last year's real growth in GNP came to 8.1 percent, slightly lower than expected due to the effects of two crippling typhoons. This year's initial target of 8.8 percent may have to be raised because of the strong export performance in the first quarter.

### Wages

The GNP reached \$19.5 billion at current prices in 1977, and per-capita income passed the \$1,000 mark by \$80.

Wages have risen steeply during the past few years — the average factory wage of \$145 a month is more than double what it was in 1973 — but lately have been leveling off.

With improved living standards, such appliances as washing machines and air conditioners are now being added to the television sets, refrigerators and electric rice cookers that have long been common in Taiwan households.

The island's two auto manufacturers plan expansions to meet the 15-percent annual increase in demand as more and more consumers decide to move up from motorcycles.

Taiwan has accumulated substantial foreign exchange reserves of \$5 billion, equivalent to more than five months' imports, which it has begun to use to finance purchases of crude oil and other major commodities from abroad.

With its moderate inflation, low debt service ratio and prudent economic management, Taiwan has become a preferred borrower in the eyes of many foreign bankers. Terms are generally more favorable than those offered to other developing nations.

### U.S. Banks

U.S. banks are the most active, and account for 8 of the 12 foreign banks with branches in Taipei. Taiwan is also a steady customer of the U.S. Export-Import Bank, which has loans and guarantees here in excess of \$1.5 billion.

European merchant banks have gradually been showing more interest in Taiwan and in the past several years have extended some large loans to state enterprises and big private corporations.

Taiwan had little difficulty raising from both internal and external

### This Section

This special report was prepared and written by Donald H. Shapiro with Michael Boydell.

The New Taiwan Dollar has a value of 38.5 to the dollar.

sources the nearly \$7 billion required for an enormous infrastructure development program launched in 1972 and due to be completed next year.

Dubbed "the Ten Big Projects," the program was designed to remove transportation bottlenecks hampering the economy as well as establish basic heavy industries and introduce nuclear power plants to diversify energy sources.

### Steel Mill

The transportation projects include two new harbors, a superhighway running the length of the island, a rail connection to the isolated east coast, electrification of the main trunk railway, and a new international airport for Taipei.

The industrial projects, all of them already in operation, involve Taiwan's first integrated steel mill, a petrochemical complex, and a shipyard boasting the world's second longest drydock.

The first nuclear power plant began commercial generation last month. By the mid-1980s there will be six plants with enough generating capacity to meet more than half the island's requirement.

— D.H.S.

## Whatever Happened to Quemoy and Matsu?

TAIPEI (IHT) — The artillery rounds that fly back and forth between the heavily fortified Nationalist-held offshore islands of Quemoy and Matsu and the China mainland are fired only on odd-numbered days, with time off for holidays. And the shells are filled not with explosives but with propaganda leaflets (although a direct hit can still be lethal — four deaths occurred last year).

But if the confrontation between the Communists and the Nationalists at their closest point of encounter

is not the hottest of wars, it is still of great symbolic import to both sides.

Quemoy, just a few miles from the port of Amoy, and Matsu, opposite Fuchow harbor some 100 miles to the north, are historically and geographically part of China's Fukien province. That Nationalist toehold in a mainland province discourages thoughts of Taiwan separatism and helps to keep the civil war alive, at least in rhetoric.

The Nationalist government still speaks constantly of "recovering

the mainland" from the "Communist bandits" while Peking talks of "completing the revolution" by "liberating Taiwan."

For the present, however, neither side possesses the military might to achieve its goal. Despite the militant sloganeering, Taiwan's forces remain totally on a defensive footing.

China, though rapidly building up its navy, still lacks the amphibious capability needed for a successful attack across the 100-mile Taiwan Strait. Its air force, despite

a vast numerical advantage, is considered by U.S. experts to be inferior to the Nationalists' in terms of quality of aircraft and pilot training.

The Communists would have to pay a tremendous price if they tried to invade," maintains a senior U.S. officer here. "But eventually, by sheer attrition, they could wear the Taiwan forces down to help under the mutual defense treaty."

The U.S. military presence in Taiwan is down to 1,100 men, none

of them combat troops, from a peak of 10,000 during the Vietnam War. Military aid from the United States was phased out several years ago, and loans to finance Taiwan's purchases of military equipment — \$35 million's worth in the fiscal year now ending — are being steadily reduced.

A coproduction program with Northrop Corp., however, is helping to strengthen the Nationalist air force by turning out more than 200 F-5E jet fighters in Taiwan.

— D.H.S.

## New Premier Discusses the Prospects for Economic Growth

TAIPEI (IHT) — "Last year we were concerned about investment. This year it's inflation," said Y. S. Sun, who last month was appointed premier after serving as minister of economics, in an interview with Donald H. Shapiro for the Herald Tribune. Mr. Sun went on to discuss the steps being taken to check inflation as well as Taiwan's prospects for economic growth. He also dealt with the moves the state is making to encourage industrial development, especially in technology-intensive areas, and the need for greater participation from the private sector.

Mr. Shapiro — From the statistics I've seen, the economy seems to be doing quite well so far this year.

Mr. Sun — Yes, in the first four months the performance was better than what we expected, both in industrial production and in exports.

Q — What factors seem to be responsible for that faster growth?

A — Perhaps one of the more important factors is the yen appreciation. Because of it our products are in a better competitive position in Southeast Asia — as well as in my own country — against Japanese products. Among the industries particularly showing better performance are the textile and synthetic-fiber industries. We were expecting slow recovery there, but in the past few months the value of sales as well as the unit price have been increasing quickly. Evidently a lot of countries are now buying more textile products.

Q — How do the other economic indicators, such as investment rate, look at present?

A — The inflow of foreign and overseas Chinese investment is much higher than in the same period last year — nearly 200 percent higher.

For domestic investment, the situation is also very dynamic. The stock market is very active, and also the sale of land in the various industrial estates is very strong. For the past two or three years no one wanted to buy land for building new factories, but this year it's very active. So all the indications are that our economy is strongly on the move. The first part of this year has been very encouraging.

But this makes us more cautious about inflation. When the economy as a whole becomes very active, then we have to watch price levels more carefully.

Q — What specific steps are you taking to check inflation?

A — We are trying to purchase more basic industrial raw materials and imported foodstuffs, mainly feed grains, to be sure of obtaining them at a good price. That way if there is any change in the world economic situation it would not affect the domestic price and supply of these essential commodities.

We must also ensure that the money supply does not increase too rapidly, which would cause inflationary pressure.

Q — Are there any other problems in the economy or areas that need attention?

A — Well, inflation is our major concern at this moment. Last year we were concerned about investment. This year it's inflation.

But our basic policy, to move toward more technology-intensive industries, to introduce more labor-

saving devices to our existing industries to improve their productivity, is still the main focus of our attention and will be for some years to come.

Q — What are the major steps being taken in that direction?

A — First, the government is trying to assist the private sector to transfer new technology and know-how from the outside. We provided more incentives in our revised Statute for Encouragement of Investment for R and D activities. For

instance, industry can now charge all R and D costs to operating expenses, and we lifted import duties on R and D equipment.

The central bank is providing loans to industries for the purpose of buying know-how from outside. We also are making available venture capital to assist investors to establish a plant here, especially overseas Chinese scholars and engineers who want to bring their know-how.

Another area where we should perhaps put more effort is manage-

ment training for middle management and training of more skilled workers. There will be an increasing need for such people as we move toward more sophisticated industries.

Q — Much of the recent investment in heavier industry and major new projects has been by state enterprises. What do you see as their role in the economy?

A — We've always encouraged the private sector to participate

more, not only in the light industries but also in the technically-intensive and even capital-intensive industries. About four years ago we tried very hard to induce private investment into the steel mill and the shipbuilding projects.

But unfortunately during this period the private industrialists were not much interested in such a large investment with its slow return and perhaps high risk. But in petrochemicals, they did participate and are continuing to do so. Now we are planning a fourth naphtha cracker. The planned downstream units will nearly all be financed by private industry. They are all lined up already.

Q — Do you think in the future it will be less necessary for the state enterprises to play such a strong role?

A — Maybe in the future more private people will realize that these heavier industries, even purely from a profit-making point of view, are a good investment. If they get more interested, the government would turn over some of the shares to private hands and eventually even convert some companies to private enterprises. That is our policy. The government does not want to continuously own and operate many industries if it is not necessary.

Q — In the area of foreign trade, one of Taiwan's big concerns has been the protectionist trend. Do you feel that this is waning now?

A — We do not see any significant change as yet. The trend is still for domestic industries in the advanced countries to demand more

protection. Of course, the outcome will depend to a large degree on the policy of the United States. So far, Mr. Carter has been standing firm against more protectionism and that is very encouraging to all the developing countries. And what the United States does will affect the thinking in European countries.

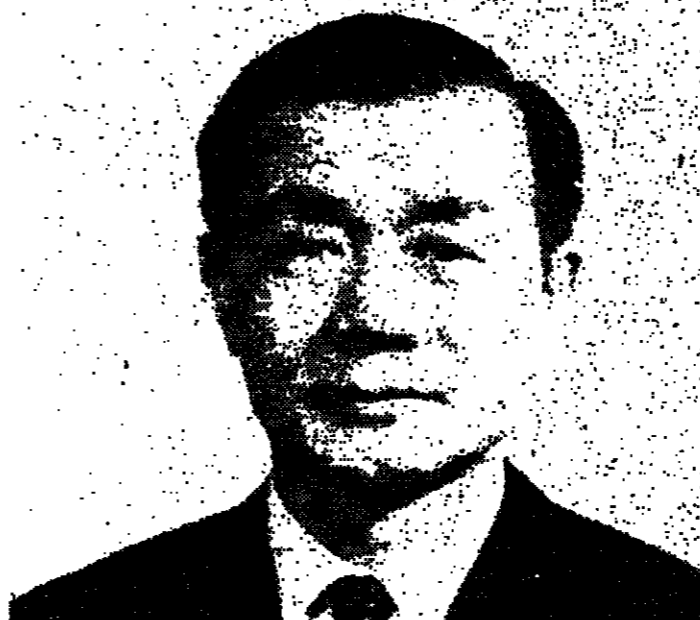
Still we must prepare ourselves against unfavorable developments. That's one reason why we must move toward more sophisticated products, producing more capital goods such as machine tools and machinery, so that our main export items will be less subject to protectionist measures.

Q — Taiwan has also been working on upgrading the value and quality of existing products.

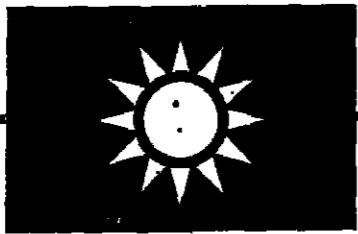
A — We cannot compete with the new developing countries with plentiful labor in primary industrial products such as textiles and plywood. Other countries can make these things, and the newcomers usually have lower labor wages. They are where we were 15 years ago. We must face this situation. We must move up, upgrade in a continuous push.

Q — In general, despite the diplomatic setbacks of recent years, the economy has continued to prosper, to the surprise of many people in other countries. How do you account for this?

A — The political situation does cause difficulties, but you must not get discouraged because of this and do less. On the contrary, we've been working harder so as to overcome these hardships. It's a spirit of survival. Sometimes determination can work miracles.



— Y. S. Sun



## State Enhancing Climate for Foreign, Domestic Investment

TAIPEI (IHT) — For the past year, the government here has been working to improve the investment climate for local and foreign companies in order to attract industries in the more technology and capital-intensive sectors — industries needed for Taiwan's next stage of development.

Last summer the legislature enacted a revised Statute for Encouragement of Investment to provide increased incentives for advanced industries. The major change was the adoption of a grace period extending the previous five-year tax holiday to nine years for large projects with relatively slow return on investment.

The Cabinet also ordered a streamlining of procedures by agencies responsible for screening investment applications, registering purchases of industrial land, licens-

ing factories and other matters affecting investors. The agencies' progress in reducing red tape is being closely monitored.

For domestic investors, the government has been taking steps to make development capital more easily available. It has expanded its industrial development fund and this summer is converting the state-run Bank of Communications into a development bank to specialize in medium and long-term lending.

For several years after the world recession struck, new investment from both domestic and external sources was sluggish due to market uncertainties and financial constraints. But the rate of investment began to pick up sharply toward the end of 1977.

A strong last quarter brought foreign (including overseas Chinese) investment approvals last

year to \$164 million, an amount exceeded only in 1973 and 1974. The influx has continued in the first part of this year.

Total foreign investments to date amount to \$1.7 billion, with U.S. companies accounting for nearly a third, overseas Chinese for a similar amount, and Japanese for about one-sixth.

Government officials note that domestic businessmen put up some 95 percent of all investment in the economy. "We rely on foreign investors less for the capital than for the technical know-how and managerial expertise they introduce," explained K. T. Li, minister without portfolio.

### Electronics

A full third of foreign investment is in the electronics and electrical appliance industry. Among the major multinationals in this field with sizable operations here are RCA, Zenith, Admiral, Philips, Sylvania, Texas Instruments, General Telephone & Electronics, ITT, General Instrument, Corning Glass (making television picture tubes), Matsushita and Sanyo.

Originally many of these corporations were attracted to Taiwan by the relatively cheap labor, which they used mainly for the assembly of imported parts. But as wages have risen and skills improved in recent years, they have introduced the manufacture of larger amounts — and more sophisticated types — of components into the Taiwan operation.

The largest single foreign investor in Taiwan is the Netherlands' Philips, which this spring opened its fifth plant, a \$30 million facility that has given the country its first domestic production of color TV picture tubes.

A comparative newcomer is Grundig of West Germany, which last year chose Taiwan as the site of its first venture in Asia, a \$10 million investment to produce television receivers. Company spokesmen said they found Taiwan attractive because of the wide availability of electronic parts and components here.

In the past few years the rapidly developing petrochemical industry has been the major source of new overseas investment, usually in the form of joint ventures. Already in operation are plants partially

owned by Hercules (polypropylene), B.F. Goodrich (synthetic rubber), Gulf (polyvinyl chloride), and National Distillers (polyethylene). They will be joined soon by factories invested in by Union Carbide (ethylene glycol) and Amoco Chemicals (PTA). Gulf is involved in an additional project in polyethylene.

Another large investor is the Ford Motor Co., whose joint venture produces European-designed sedans for the domestic market and engines for export. For an expan-

sion project that should more than double output, Ford will add nearly \$40 million to its current \$36 million investment by 1981.

### Enthusiasm

Most foreign investors express enthusiasm about the business climate, citing in particular the hard-working, well-educated labor force.

They also appreciate the accessibility of top officials. "This is one of the few countries in the world where an American businessman

can have a sympathetic hearing at the Cabinet level of government when the problem involved warrants that kind of attention," Everitt A. Carter, chairman of Oak Industries Inc., told a conference of U.S. businessmen in Taipei in April.

The chief criticism tends to be the slow working of the bureaucracy at the lower levels. The government's Industrial Development and Investment Center assists foreign companies before, during and after the investment application process.

"Our first task is to determine whether the project is really feasible," notes IDC director Lawrence Lu. "If the outlook for success is poor, we will tell the prospective investor. We don't want any failures marring our reputation."

Foreign businessmen here have been concerned about the U.S. policy of seeking "normalization" ties with Peking. The American Chamber of Commerce has sent repeated messages to the White House and to influential congressmen warning that preserving U.S. economic in-

terests in Taiwan depends on maintaining the security umbrella of the mutual defense treaty.

But such concern apparently has not caused a curtailment of investment. "If you look around the developing world, you will find big question marks of one kind or another hanging over most countries," said a U.S. general manager. "If you get overcautious because of vague future possibilities, you'll lose out on present opportunities."

—D.H.S.

## Emphasis Is on Foreign Trade, the Island's Lifeline

### Another of Taiwan's trade goals is to alter

its reputation from supplier of bargain base-

ment goods to producer of quality mer-

chandise, just as the connotation of 'Made in

Japan' was transformed several decades ago.

\$15 billion. Efforts to reduce the imbalance have included restricting purchases of some 1,000 import items to U.S. or European sources.

Taiwan is conducting an even more aggressive campaign to cut its embarrassingly large surplus with the United States (\$1.65 billion in 1977). It has helped subsidize exhibitions of U.S. products in Taiwan and this year is dispatching a series of buying missions to the United States. The purpose of the buying missions will be to negotiate contracts, the usual international tender requirements having been waived. For some \$1 billion worth of goods for state enterprises.

### 'Big Market'

"We hope more international businessmen will come to realize that Taiwan constitutes quite a big market," noted Mr. Shao. "In the past only the Japanese were very active in selling here, and our purchases from the United States and

Europe came mainly from our taking the initiative.

"We have no restrictions on imports from these countries," he said. "In fact we welcome them. We are adhering very firmly to free trade principles, despite pressures from some of our domestic industries, because we believe trade should be a two-way street."

Another of Taiwan's trade goals is to alter its reputation from supplier of bargain basement goods to producer of quality merchandise, just as the connotation of "Made in Japan" was transformed several decades ago.

As wages and living standards have risen, Taiwan has lost competitiveness with less advanced countries in turning out low-end products. Taiwan manufacturers have realized for some time that they must "trade up" to more technically sophisticated, better quality products that can command higher prices.

While this process would un-

doubtedly occur naturally, the government has taken steps to hurry it along. Hundreds of key product categories have been placed under a "qualified factory system" supervised by the Bureau of Commodity Inspection and Quarantine. Only manufacturers that pass inspection — not merely for their finished products but also for the adequacy of their quality control procedures and production and testing equipment — are permitted to continue exporting. The bureau works with the others to try to bring them up to standard.

"This system has inevitably caused many difficulties during the transition stage," said Mr. Shao. "But we are willing to make short-term sacrifices to build up our quality. Already we have had some very positive reactions from overseas buyers."

Another new program is to promote the development of large trading companies, with minimum capital of \$5 million and the ability to open overseas branches. Taiwan now has some 8,000 registered trading companies, but most of them are small-scale, unable to compete effectively with the giants of Japan or even South Korea.

### Special Privileges

The first big trading firms, each specializing in different markets or products, are expected to be licensed this summer. They will be accorded special privileges, such as the right to operate bonded warehouses and to extend credit to manufacturers for raw material imports.

People in Taiwan often refer to foreign trade as the island's lifeline. With a relatively small domestic population, Taiwan must rely on sales abroad as the engine to drive the economy. Exports last year accounted for 47 percent of gross national product, one of the highest ratios in the world. Poor in natural resources, Taiwan must also import nearly all the energy supplies and raw materials needed by its industries.

Taiwan, with \$17 billion in imports and exports, last year ranked 23rd among the world's trading nations, even though with 17 million people it is only in 37th place by population.

Major imports are crude oil, machinery, chemicals, grains and transportation equipment. The top export categories are textiles, electronics, plastics, wood products and canned foods.

Taiwan's major markets last year were the United States (\$3.6 billion), Japan (\$1.2 billion), Hong Kong (\$634 million) and West Germany (\$414 million). The chief suppliers were Japan (\$2.6 billion), the United States (\$1.97 billion), Kuwait (\$845 million) and Saudi Arabia (\$445 million).

Of the primary trading partners, only the United States still recognizes Taiwan. The lack of political contacts may mean delays for businessmen in obtaining visas and occasionally the imposition of trade restrictions by market countries without negotiation, but so far no major obstacles to trade have developed.

—D.H.S.

## Taiwan's Prime Trade Promotion Body

Provides you with wide range of free services from introduction of Taiwan suppliers, dissemination of trade information, organization of trade exhibitions and missions, to answering inquiries etc.

Trade Shows in Taipei	
	TAIWAN ELECTRONICS SHOW OCT. 15-25, 1978
	TAIWAN TOYS & GIFTS SHOW OCT. 17-21, 1978
	TAIWAN FURNITURE SHOW NOV. 27-DEC. 1, 1978

CONTACT **china-external trade development council**  
201 Tun Hwa N. Rd., Taipei, Taiwan, ROC  
Cable: "CETRA" TAIPEI/Telex: 21676 CETRA  
Tel. 752-2311 (20 Lines)

# Free China moves ahead under President C. K. Chiang

WITH A GREAT FATHER, YOU HAVE TO TRY HARDER



C. K. Chiang, elder son of the legendary Generalissimo Chiang Kai-shek, has worked harder than anybody else since he entered public service in 1938, to demonstrate that he is worthy of the name of his late father. In this he has succeeded to a remarkable extent.

But C. K. Chiang is striving for a nobler aim than vindicating himself. He has been trying to restore freedom to his countrymen on the Chinese mainland besides ensuring the continued democracy and prosperity of Taiwan. That was the wish of the late President Chiang Kai-shek. Until this wish is realized the new President of the Republic of China on Taiwan will not feel satisfied with himself.

Starting from his appointment as an administrative commissioner for southern Kiangsi during the Sino-Japanese War of 1937-45, C. K. Chiang has distinguished himself in a variety of government posts ranging from military to economic administration. But it was his performance as premier in the last six years that pushed him into the ranks of the world's foremost statesmen.

C. K. Chiang assumed the premiership at one of the darkest moments in the history of the Republic. The nation had just lost its membership in the United Nations. The United States, the principal ally and supporter of free China, was cultivating the friendship of Red China. The resultant diplomatic setbacks led some to call the Republic of China the "orphan of Asia." That was not all. When the economic stagnation suddenly materialized worldwide, the ex-

port-oriented economy of the country was hard hit.

In the midst of these seemingly insurmountable difficulties, C. K. Chiang kept his cool. He quietly went on strengthening free China's international position by increasing nongovernmental relations with all countries of the free world. At the same time he initiated 10 major construction projects to broaden Taiwan's economic infrastructure and raise the level of industry. He launched an agricultural rejuvenation program designed to boost production and increase the income of farmers. He did not neglect military preparedness and the process of democratization.

Man of the people: President C. K. Chiang greets crowd of well-wishers.



One secret of C. K. Chiang's success lies in his closeness to the people. He kept in constant contact with them. Half his time was spent rubbing shoulders with farmers, workers, soldiers and young people. He visited people at their homes and places of work, ate meals with them and learned their needs and aspirations.

Premier C. K. Chiang's efforts were richly rewarded. By the time he assumed the presidency in May, free China had attained a level of economic development surpassed only by Japan in the Asian region. Per capita income in Taiwan exceeded the 1,000-dollar mark last year, four times that of mainland China, and foreign trade is expected to top 20,000 million dollars this year, well ahead of Chinese mainland that is 263 times as large and has 55 times as many people. An equally impressive feat of free China is closing of the income gap between rich and poor to about 4 to 1, one of the smallest differences in the world.

President C. K. Chiang is not going to be content with what he has already done for the free Chinese people. In his inaugural address, he said that to recover and reconstruct the country requires "the increasing of our national strength, improvement of the livelihood of our people, expansion of the functions of constitutional rule and the assurance of honest and competent government."



Grand Hotel in Taipei, with its elaborate Chinese palatial architecture, is among the top ten of the world.

### TAIPEI — FROM TOWN TO CITY IN A GENERATION

Taipei, the capital of free China, is among the fastest growing cities in the world. It was a provincial town of fewer than 300,000 residents in 1945. The population now exceeds 2,100,000 not counting half a million suburbanites who earn their living in the city.

Taipei is the commercial and cultural center of Taiwan. Some 500 foreign firms — 300 American — have their main offices in the city. There are 12 foreign banks, 8 of them American. Another six foreign banks have representative offices in Taipei.

More than half of free China's higher institutes of learning are located in the Greater Taipei area. The city has two large museums. The National Palace Museum is a fabulous treasure house with a quarter million art objects spanning more than 4,000 years of Chinese history. The Sun Yat-sen Memorial Hall is the scene of concerts and other theatrical offerings. Two years hence, the Chiang Kai-shek Memorial Hall with its Peking opera house and concert hall will be completed.

Taipei is renowned for Chinese cuisine. There are hundreds of good restaurants in the city specializing in all varieties of China's regional cooking. Many are lavishly decorated. Foreign visitors often patronize the roadside stalls, which serve excellent food at bargain prices. Big hotels are concentrated in Taipei. The best known is the palatial Grand Hotel perched atop a small hill on the northern fringe of the city. Once listed by *Fortune* magazine as one of the 10 best hotels in the world, the Grand is a veritable imperial abode that has housed kings and presidents.

Taipei's biggest headache is traffic. The problem is compounded by the presence of railroad tracks in the downtown area, the large number of motorcycles and taxicabs, and inexperienced drivers. Traffic difficulties are being vigorously attacked by the city's energetic mayor, Li Teng-hui, who believes in the Chinese axiom that any problem can be solved by intelligent determination.

Courtesy of the Taipei City Government.



## Industry: Strongest Performers Seen to Be Shifting

TAIPEI (IHT) — As Taiwan's economy develops and world conditions change, some of the industries that have been among the strongest performers in the past can be expected gradually to decline in importance.

But other industries with prospects for sustained growth are emerging. The electronics and electrical appliance industry, for example, is considered likely to surpass textiles within the next three years to become the country's leading industrial category, and plastics may well push textiles into third place several years thereafter.

In what was seen as a portent of things to come, the export value of Taiwan textiles dropped by \$160 million last year from the \$2.49 billion registered in 1976. While there is a return of growth this year, the textile sector's proportionate contribution to industrial production and export earnings will probably continue to fall.

The Taiwan textile producers are feeling the pinch not only from the quotas adopted by many advanced countries to protect their home industries, but also from the growth of textile manufacture in lesser developed nations with even lower wage rates than Taiwan's.

The government is no longer encouraging new investment in textile plants, except for the introduction of more modern equipment in existing factories to raise quality and productivity.

### Trading Up

By "trading up" to higher-quality, higher-priced products, Taiwan can move out of direct competition with the lower-wage countries as well as gain better profits from the fixed volume allowed under quota systems.

One goal is to concentrate less on direct sale of yarn and piecegoods and more on processing into finished garments. Further, Taiwan hopes to develop the capability to make more fashionable clothing that can command higher prices, rather than the bargain-basement items of the past.

Toward this end, a design center was established by the industry this spring with government assistance. Several U.S. advisers have been hired to help boost the style of Taiwanese garments.

Another industry that may have passed its peak is plywood, which

uses lumber imported from Southeast Asia. The supplying countries are now showing more interest in creating their own processing industries than in long-range promotion of raw-material sales.

The most dynamic sector at present is electronics and electrical products. Taiwan long ago graduated from the transistor radio stage and is now preparing for a similar jump from black-and-white television production to large-volume sales of color sets.

Last year more than four million black and white and nearly one million color sets were turned out by Taiwan factories. The biggest producers are major multinationals, but such fast-growing domestic companies as Tatung, Sampo and United are rapidly expanding their overseas markets.

### 'White Goods'

Other important sub-categories are electronic watches, telecommunications equipment, tape recorders, stereos and a wide range of parts, and components. "White goods," such as refrigerators and washing machines, are made mostly for the domestic market.

A major step in achieving self-sufficiency in components was taken last year when a government research institute opened a pilot plant producing integrated circuits (ICs) with technical assistance from RCA. Over the next few years increasingly sophisticated types of ICs will be added.

Taiwan is also planning much of its economic hope on the machinery industry, especially lathes and other machine tools. The leading factories are enjoying such brisk sales that they need to carry out expansion projects to keep up with the demand.

Two factories are already marketing numerical control (NC) lathes and numerous others are preparing to unveil NC machines within the next two years.

One reason for the current boom is thought to be the network of machinery showrooms that Taiwan has been setting up around the world in cooperation with local importers. Such a display center in the Netherlands has helped to stimulate a large volume of orders from

Western Europe, a previously untapped market.

Sales of heavy machinery and whole plants, mainly to Southeast Asia and other developing areas, are also considered promising. Taiwan will establish an export-import bank next month to supply the credit needed to promote that business.

The plastics industry, apparently

unfazed by the "orderly marketing agreement" last year that sharply restricted exports of Taiwanese footwear to the United States, has also been undergoing strong growth. Many shoe factories have been switching to other lines, such as handbags.

Some of Taiwan's biggest private corporations, such as several members of the Formosa Plastics

Group, are found in this industry. The group's flagship company, the Formosa Plastics Corp., is now the largest PVC (polyvinyl chloride) producer in the Far East and aims to become the largest in the world when an expansion project raises annual output next year to 360,000 metric tons.

With such extensive plastics and synthetic-fiber industries in place, Taiwan has been carrying on "backward integration" in recent years by building up its foundation in petrochemicals. The state-run Chinese Petroleum Corp. this spring brought its third naphtha cracker onstream and is already proceeding with plans for a fourth, designed to boost total output of ethylene, the basic feedstock, to nearly one million metric tons a year.

### Supertankers

Shipbuilding is another emerging industry spearheaded by a state enterprise, the China Shipbuilding Corp. Its huge drydock at Kao-hsiung was built to specialize in supertankers. Two, in fact, have already been launched.

But its other supertanker orders evaporated when the oil crisis struck, and CSBC will have to make do with smaller cargo vessels. A massive domestic shipbuilding program designed to expand Taiwan's merchant marine will be able to keep CSBC's two yards occupied for several years.

Although agriculture's share of net domestic product has been dropping steadily (it was 18.5 percent in 1969 and only 13.4 percent last year), the strength of Taiwan's agricultural sector has provided a firm underpinning for the entire economy.

Farming methods have been steadily modernized as a result of an effective extension system and the existence of literate farmers who are open to new ideas. Research institutes have also come up with numerous high-yield crop varieties.

Taiwan's farmers annually produce more than enough rice for domestic consumption, as well as such cash crops as mushrooms, asparagus and pineapple to supply to canneries for export sales. Food-stuff imports are mostly feed grains — chiefly wheat, corn and soybeans — not produced in quantity in Taiwan.

—D.H.S.

## Export Processing Zones Are Nation's Showpieces

TAIPEI (IHT) — Ever since Taiwan's first export processing zone (EPZ) opened in 1966, these combination industrial parks and free trade areas have been among the island's economic showpieces.

Today, three zones are in operation — two near Kao-hsiung in the south and one near Tai-chung in central Taiwan. All together they contain 268 factories with 70,000 workers and a capital investment of \$230 million (nearly all of it foreign investment).

Total exports from the zones last year came to \$750 million, representing more than 8 percent of the nation's sales abroad.

Some of the factories in the zones bear internationally known names, such as Philips, General Instrument, Grundig, Zeiss, Mitsui and Yamaha. But more commonly, the zones attract smaller companies that, with their limited personnel, particularly appreciate the ease of doing business there.

Since virtually all production is for export, import duties are eliminated on raw materials and equipment. Sales and commodity taxes are waived as well.

Investors may use standard factory buildings provided by the zone or buy land on a 10-year installment basis to construct a plant of their own design. The zones also offer inexpensive warehousing and transportation services.

### Advantage

The biggest advantage of locating in an EPZ may be the centralization of all governmental functions in the zone administration. Outside the zones, investors must deal separately with numerous agencies on such matters as taxes, customs clearance, import and export licenses, corporate and land registration, construction licenses and foreign exchange settlement.

Most foreign investors who decide against locating in an EPZ do so because they need a larger plant site or wish to sell their products in the domestic market.

The government has cooperated with numerous other countries interested in creating export zones of their own. The Philippines, South Korea and Mauritius have developed similar facilities modeled on the Taiwan operation, and experts from Taiwan have helped prepare feasibility studies for Thailand, Indonesia, Senegal, Panama and Costa Rica.

"There is a constant parade of people through here from other countries to look at the zone," notes William P. Cole, general manager of the General Instrument Microelectronics plant in the Kao-hsiung EPZ. "When others copy you, you must be doing something right."

—D.H.S.

## Around Taiwan in 6 Days... Enjoyably, Economically

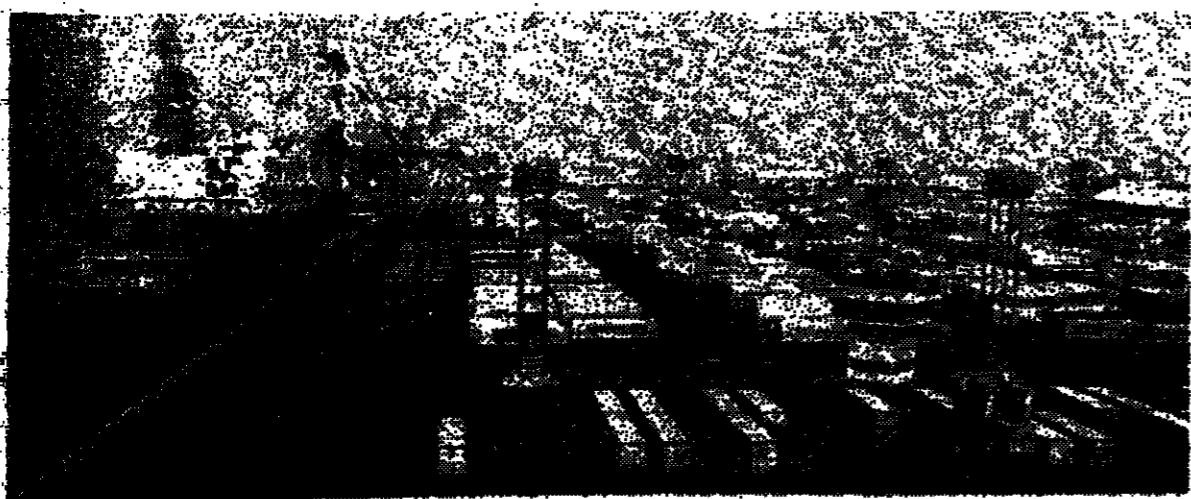
Taiwan attracted more than one million foreign tourists in 1977. More are expected in 1978. For your clients who want to explore the many attractions and wonders of "Ilha Formosa," as enraptured 16th century Portuguese mariners fondly christened the island, travel agents offer the 6-day "Panorama Taiwan Tour" for only US\$250. Complete with de luxe hotel accommodations, breakfasts, reserved-seat transportation in airconditioned buses, trains and planes. The tour includes the National Palace Museum in Taipei, housing the world's largest and most priceless individual collection of Chinese art treasures; the Taroko Gorge, one of the greatest natural wonders of the world; and the poetically named Sun Moon Lake, 2,500 feet above sea level...



### VISIT TAIWAN — SEE THE REAL CHINA

For detailed information, write to:  
Tourism Bureau, P.O. Box 1490, Taipei, Taiwan, Republic of China,  
or to: 6 Frankfurt/Main 1, Lange Strasse 57  
Federal Republic of Germany

# Get Your Share In The Lucrative Trade Business With Taiwan



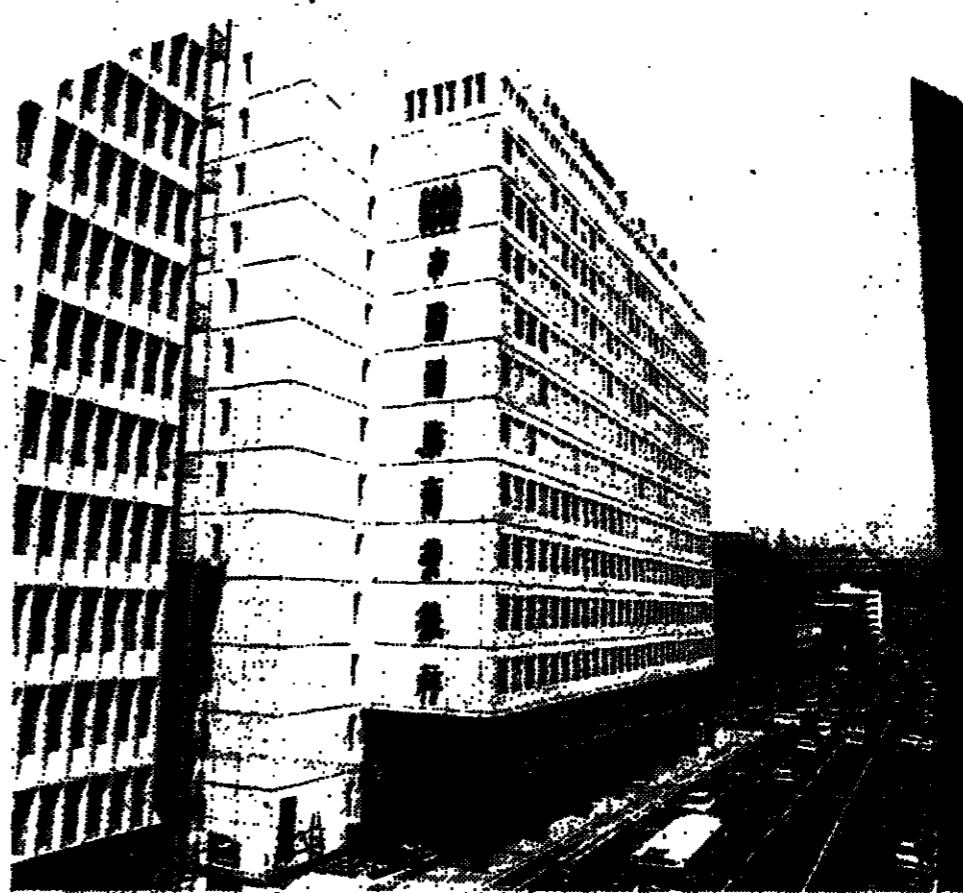
Free trade in Taiwan knows no ceiling on its growth. Our two-way trade in 1977 was \$17.87 billion. But the figure is assuredly to be surpassed this year. In the first quarter of 1978, we registered a trade volume of \$4.56 billion, representing a phenomenal increase of 24% over the same period last year, and a favorable balance of \$181 million. Taiwan is trading with 140 countries.

Taiwan's real GNP growth has been one of the highest in Asia. That means we have a lot to sell, a lot we want to buy and, most significantly, the hard cash to pay for it.

Talk to us to get a clear picture of Taiwan's booming trade business. Also to find out whom you should contact for purchasing and marketing. The Board of Foreign Trade is here to facilitate that process through which both of us would benefit. All inquiries would be handled promptly and expertly.

## BOARD OF FOREIGN TRADE

MINISTRY OF ECONOMIC AFFAIRS  
1 Hukow Street, Taipei, Taiwan, Republic of China



## YOU CAN ALWAYS BANK ON US

As an internationally renowned private commercial bank, the International Commercial Bank of China has been an integral part of the Chinese financial picture ever since 1911. Today, our branches are found throughout East and Southeast Asia, Panama and the United States. With our unique experience and expertise on trade and investment in Taiwan and East Asia, we are happy to cater to your every banking requirement from building a factory to a personal remittance. Tradition, authoritative information, and the flexibility of a private bank is a rare combination. It's all at your service at the ICBC.



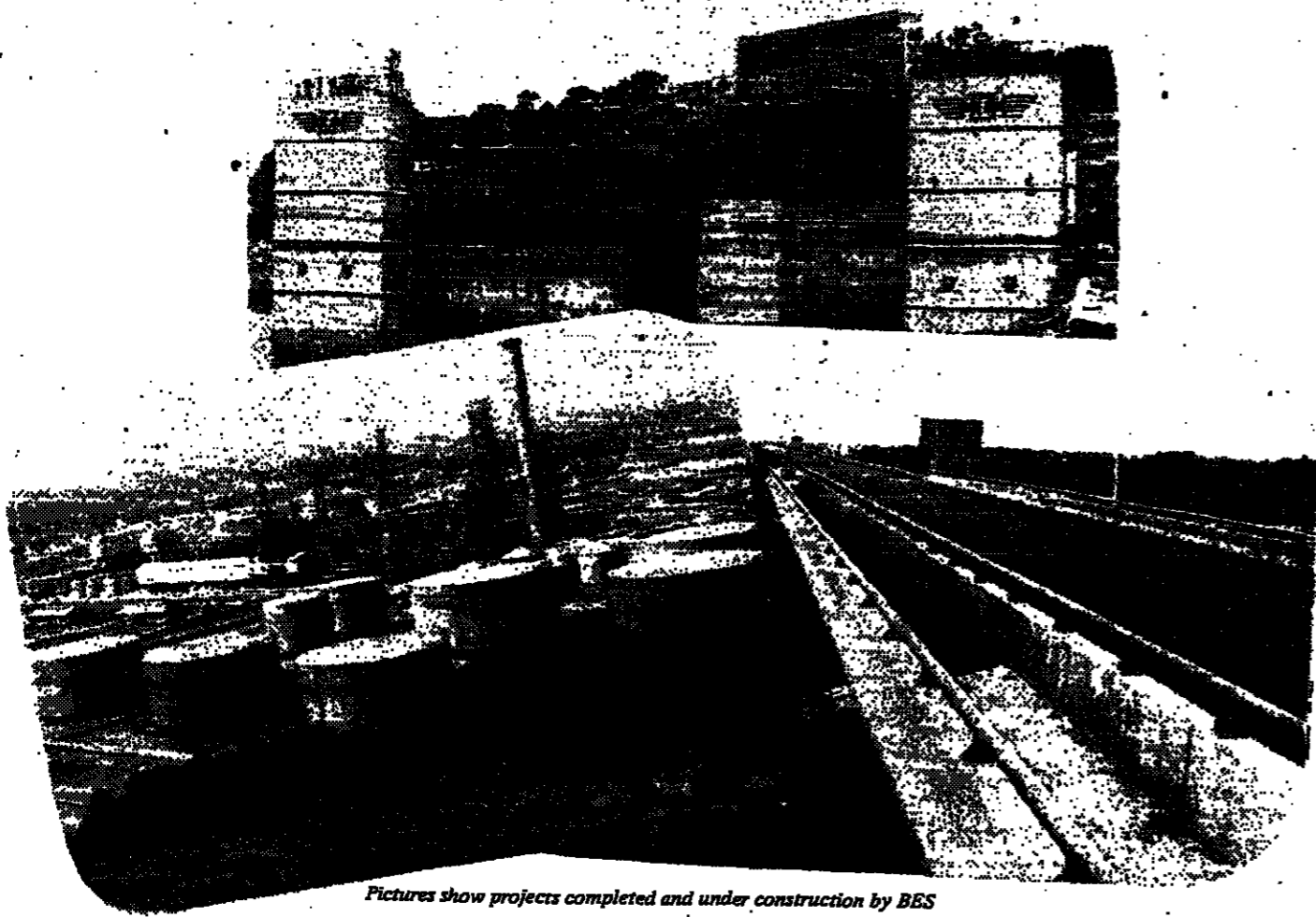
### 中國國際商業銀行

The International Commercial Bank of China

100, Chi-Lin Road, Taipei (104), Taiwan, Republic of China  
Tel: 563-3156 (50 Lines)/Telex: 11300 INCOBK  
22145 INTCOMBK/Local branches in Kaohsiung, Nantze, Tainan, Taichung, Yen Ping, San Chung, Chung Shan, Tao Yuan, KEPZ, etc.

### OVERSEAS BRANCHES

New York Agency: 40 Wall Street, New York, N.Y. 10005, U.S.A.  
Chicago Branch: 208 South LaSalle St., Chicago, Ill. 60604, U.S.A.  
Tokyo Branch: Togin Building, 5th Floor, No. 4-2, 1-Chome, Marunouchi, Chiyoda-ku, Tokyo, Japan 100  
Osaka Branch: 6-1 4-Chome, Doshomachi, Higashi-Ku, Osaka, Japan  
Bangkok Branch: 95 Supta Road, Bangkok, Thailand  
Panama Branch: Calle Manuel Maria Caza 12, Campo Alegre, Panama City, Panama



Pictures show projects completed and under construction by BES

## Building A Better Living Far And Near

BES Engineering Corporation is one of the biggest, fastest-growing company of its kind in Taiwan. It has now more than 6,000 employees with an operation revenue exceeding 180 million U.S. dollars in 1977 alone. Our scope of service is diverse: from construction of highway, bridge, airport, harbor, office building, dam, power plant to materials testing and waste water disposal; from reclamation and development of industrial district to heavy equipment repair, etc. To give our potential foreign clients convenient access to our unique experience and advanced technical know-how, we have set up branches and liaison offices in Bangkok, Kota Kinabalu, Jakarta, Jeddah, and Riyadh, to name but a few. We are prepared to do our clients, at home and abroad, a highly commendable job at handsome bargain.



中華工程股份有限公司

BES ENGINEERING CORPORATION

Head Office: 320, Chung Hsiao East Road, Section 4, Taipei, Taiwan, Republic of China  
Tel. 7521111 (30 lines) P.O. Box 335 Taipei/Cable Address: BESCO Taipei/Telex: 21985 BESCO



## The Social Gaps Are Steadily Receding

TAIPEI (IHT) — The division between "mainlanders" and Taiwanese, for years a central social and political fact of life in Taiwan, has been steadily receding in importance.

The identification cards of young mainlanders still carry the names of distant Chinese provinces they never saw, but most look upon this island as their permanent home. At the same time, younger Taiwanese feel a stronger Chinese cultural identity than did their parents, who grew up during the 50-year Japanese colonization. Inter-marriage, once rare, is increasingly common.

The dialect barrier — spoken Taiwanese and Mandarin differ as much as French and Italian — is no longer a major obstacle. Taiwanese youngsters study Mandarin in the classroom; the mainlanders pick up Taiwanese dialect in the playground.

Most Taiwanese are descended from 17th-century migrants from Fukien province. Despite their majority status in Taiwan (roughly 85 percent of the population), for a long time they were virtually excluded from national-level political affairs after the central government withdrew here from the mainland in 1949.

But in recent years the Chiang Ching-kuo administration has been systematically bringing more "local people" into government service, including many high-level posts, to reduce Taiwanese resentment. Mr. Chiang purposely tapped a Taiwan native, provincial governor Shieh Tung-min, as his vice presidential candidate.

### Gaps

While the communal gap has been narrowed, however, another breach — between the generations — has been opening. Regardless of provincial origin, many younger people consider the national legislative bodies, most of whose members were elected nearly 30 years ago, as unable to provide effective representation. Since the government insists that complete new elections must await "recovery of the mainland," the old legislators retain their seats indefinitely.

Also frustrating to younger people is that they are dominant numerically (65 percent of the population is under 30) but career advancement often tends to be slow, as older people are reluctant to let



Street merchant sells fruit and vegetables in Taipei.

go of their traditional prerogatives. Another problem has been the shortage of satisfactory job opportunities for the numerous college graduates in the liberal arts. The

government program has put more emphasis on technical and vocational education. Whereas five years ago only 30 percent of high school students were enrolled in

such courses, an expansion of vocational school facilities has since raised the proportion to 70 percent. Education is compulsory through junior high school, and competition is strong in the national entrance examinations for high schools and colleges.

The heavy brain drain of the past has been diminishing. Though thousands still go abroad each year to graduate school, more and more are returning after obtaining advanced degrees. Those with technical backgrounds, in particular, find challenging jobs in industry and government.

In Chinese society, the family has always served as the primary social welfare agency, but the government has also been doing more in this area. An anti-poverty program known as "Operation Well-to-do" has had considerable success by concentrating on job training and medical care.

Improvement of housing conditions is currently among the government's priorities. Public housing is being vastly increased and loans are being offered to spur private construction of low and middle-income dwellings.

—D.H.S.

## China Airlines: A True 'Flag Carrier'

By Michael Boydell

TAIPEI (IHT) — Many countries refer to their national airlines as "flag carriers," but in few cases is the term more aptly applied than to China Airlines.

Taiwan sees the airline's role as promoting the country's diplomatic, as well as its economic, interests. Whenever purely financial considerations clash with the interests of the flag, it is a certainty that the latter will prevail.

This was clearly illustrated in 1974 when Japan announced that it did not recognize the Republic of China flag as a national emblem since it wanted to sign air traffic rights with the People's Republic of China.

The Taiwan authorities responded by severing the air links between the two countries for both CAL and Japan Airlines.

It took Japan 18 months of lost revenues on the so-called "golden route" to capitulate. They an-

nounced that the Republic of China flag was indeed a national flag, and they started a brand new airline to satisfy the Communists.

The interests of the flag prevailed again in a much shorter dispute with the Japanese late last year over CAL's continued use of Tokyo's Haneda airport when other airlines, including China's, were told they had to switch to Narita.

Bowing to protests that Haneda's proximity to downtown Tokyo gave CAL an unfair advantage, the Japanese authorities tried to reduce the airline's operating hours. When Taiwan authorities threatened to take reciprocal action against the Japanese carrier, CAL was finally granted the right of unrestricted use of Haneda.

National interests and prestige were also behind a decision to open a service to Saudi Arabia, one of Taiwan's closest allies and supplier of almost half of the country's oil.

Aviation authorities here are cur-

rently putting emphasis on extending CAL's routes to Europe, another area of political as well as economic significance. Negotiations are under way with Dutch authorities to open a service to Amsterdam. Destinations in West Germany, France and Belgium are also being sought.

With all these expansion plans the airline is also adding to its fleet. Already possessor of three Boeing 747s (one an SP that flies direct from Taipei to the U.S. West Coast), CAL has one more on order and an option on a fifth.

For shorter-range aircraft, the decision has been made to buy wide-bodied planes, with a preference for DC-10s or TriStars (up to a total of six) because of Taiwan's strong trade links with the United States.

The new aircraft and expanded routes will help to keep the Republic of China flag flying in many countries that long ago ceased formal diplomatic relations with Taiwan.

# WE'RE A TRADER'S BANK

Central Trust of China offers all the services of any other international bank. But with something extra and special for those who trade with Taiwan. Commerce is our specialty and interest. If there's anything we don't know about trading with Taiwan, no one does. You can trust Central Trust for: Import and Export services, Life Insurance, Warehousing and transportation, Broker services, and Security underwriting. Anything and everything regarding Taiwan trade.

局託信央中

CENTRAL TRUST OF CHINA

49 Wuchang Street, Section 1, Taipei, Taiwan Cable: CHINATRUST TAIPEI Telex: 11377 CENTRUST

Overseas Representative's Office in U.S.A.:

1 World Trade Center, Suite 2273 New York, N. Y. 10048  
Cable: "SINOCENT" NEW YORK  
Tel: (212) 775-1055

Overseas Correspondent in U.S.A.:

604 Commercial Street, San Francisco, Calif. 94111  
Cable: "CHINATRUST" SAN FRANCISCO  
Tel: (415) 362-6882

Other Overseas Representatives in: South Korea, Panama, Singapore.

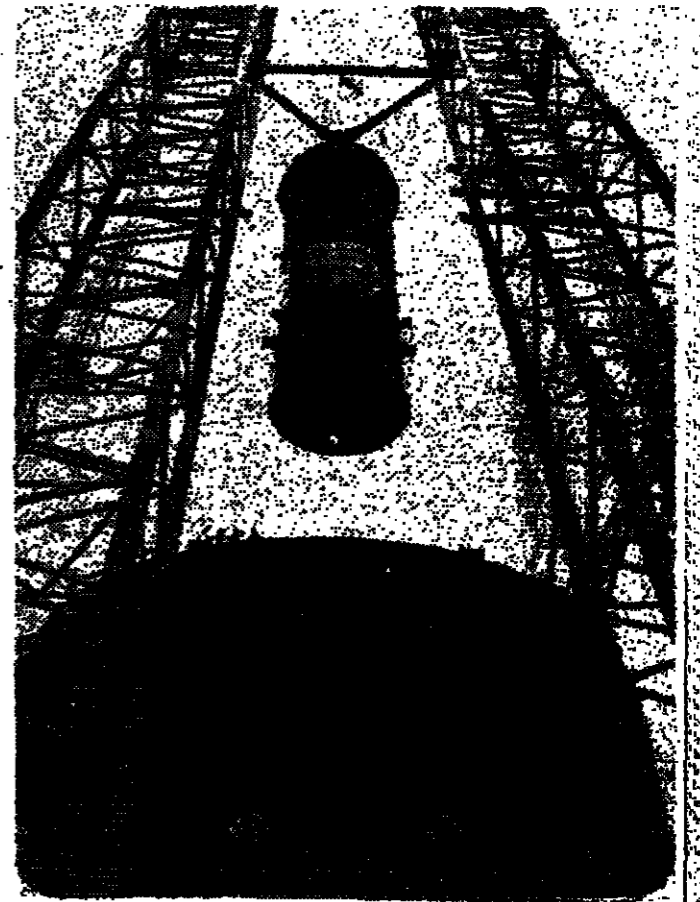
# NUCLEAR POWER THAT HELPS VITALIZE A DYNAMIC ECONOMY IN TAIWAN

Power in Taiwan is now entering a nuclear age. This has been an integral part of our national economic development program. The huge nuclear power program started as early as November 1970. It consists of three power plants with altogether six nuclear units. The first unit of the first plant is completed for commercial operation in June 1978.

Installation of the first reactor of Taipower's second nuclear plant on May 9, 1978 signified another giant step forward in the energy development of Taiwan.

Aside from three months of scrupulous preparations, our engineers took four trying hours to lower the reactor, weighting 600 metric tons and standing 21.6 meters high, to its base. When completed by October 1981, the dependable, pollution-free generating unit will yield an additional 985 MWe for Taipower's installed capacity which has now exceeded 7 million KW. An enormous expense on the imported oil fuel would be saved, too.

The ample, low-cost electric energy supplied by Taiwan Power Company throughout Taiwan and the off-shore islands has been perhaps the greatest single factor contributing to the 4-fold increase in Taiwan's GNP over the past two decades. With its extensive development plans and excellent service, Taipower assures Taiwan of a more affluent society in the years to come.



The reactor pressure vessel of the second nuclear plant is being lowered to its base.

TAIWAN POWER COMPANY  
Taipei, Taiwan, Republic of China





**AMEX Nationwide Trading Closing Prices June 13**

[illegible][illegible]

London Metals Market				European Gold Markets				Tokyo Exchange				International Stock Indexes			
(Flourish sterling per metric ton) (Silver in pence per troy ounce)				June 13, 1978				June 13, 1978							
June 13, 1978				Open Close N.C.				Price							
Today	Yesterday	Previous		London				Yen				Amsterdam	Yes	Prev	High
Bid Ask	Bid Ask	Bid Ask		Paris (12.5 kilo)				Price				Brussels			Low
per wire bars:								Asahi Glass	255.00	Alstom E. Wica	634.00				
1 month	737 737.50	734.50	735.50					Canon	467.00	Mitsubishi Hydr Ind.	127.00				
3 months	739 739.50	736.50	737.50					Daif Niss, Print	570.00	Mitsubishi Corp.	320.00				
6 months	738.50 739.50	737.50	738.50					Fuji Photo	570.00	Alkermid	422.00				
spot	737.50	739.50	738.50					Fuji Photo	570.00	Alkermid	422.00				
1 month	6.90 6.95	6.70 6.75	6.70 6.75					Hitech	250.00	Nippon Elec.	240.00				
3 months	6.90 6.95	6.70 6.75	6.70 6.75					Hitech Motor	377.00	Sharp	240.00				
6 months	31.0 310.50	308.50	309.50					C. Itoh	2,630.00	Sanyo Corp.	1,750.00				
spot	321.0 321.50	318.50	319.50					Kansai El. Pwr.	1,630.00	Sanyo Tonga Bank	134.00				
1 month	321.0 321.50	318.50	319.50					Kansai El. Pwr.	1,630.00	Tokai Marine	134.00				
3 months	321.0 321.50	318.50	319.50					Kase Gas	680.00	Tokai	367.00				
6 months	288.0 288.50	285.50	286.50					Kase Gas	680.00	Tokai	367.00				
spot	291 291.50	290.50	291.50					Kase Gas	680.00	Tokai	367.00				
1 month	291 291.50	290.50	291.50					Kase Gas	680.00	Tokai	367.00				
3 months	291 291.50	290.50	291.50					Kase Gas	680.00	Tokai	367.00				
6 months	291 291.50	290.50	291.50					Kase Gas	680.00	Tokai	367.00				

London Commodities				International Bauxite Traded in Europe			
(Figures in sterling per metric ton)							
June 13, 1978							
High	Low	Previous (Close)		Midday Indicated Prices			
A				Dollar Bonds			
1.729	1.687	1.698	1.687 1.682.5 1.685	Almeida 94-86	101.25	102.25	
1.628	1.610	1.626	1.633 1.635 1.636	Mildlet 94-86	97.50	98.50	
1.628	1.611	1.624	1.625 1.611 1.612	Montreal 94-83	100.00	101.00	
1.611	1.593	1.604	1.604 1.598 1.599	London 94-87	94.00	95.00	
1.604	1.585	1.600	1.604 1.586 1.590	NorthWest 84-84	94.00	95.00	
1.598	1.580	1.590	1.597 1.575 1.585	NBRunschw 94-83	100.00	101.00	
1.570	1.570	1.581	1.592 1.575 1.580	NBRunschw 94-84	96.25	97.25	
B				NBRunschw 94-85	94.00	95.00	
1.805	1.745	1.775	1.778 1.772 1.777	Ontario 94-85	95.75	96.75	
1.729	1.707	1.695	1.697 1.685 1.687	NorthCar 94-83	102.25	103.25	
1.685	1.615	1.634	1.636 1.625 1.624	Ontario 94-85	95.75	96.75	
1.594	1.584	1.594	1.597 1.584 1.589	Ontario 94-86	95.75	96.75	
1.534	1.506	1.500	1.508 1.500 1.505	Ontario 94-87	95.75	96.75	
1.490	1.490	1.475	1.490 1.470 1.480				

1468	1469	1470	1471	1472	1473	1474	1475	1476	1477	1478	1479	1480	1481	1482	1483	1484	1485	1486	1487	1488	1489	1490	1491	1492	1493	1494	1495	1496	1497	1498	1499	1500	1501	1502	1503	1504	1505	1506	1507	1508	1509	1510	1511	1512	1513	1514	1515	1516	1517	1518	1519	1520	1521	1522	1523	1524	1525	1526	1527	1528	1529	1530	1531	1532	1533	1534	1535	1536	1537	1538	1539	1540	1541	1542	1543	1544	1545	1546	1547	1548	1549	1550	1551	1552	1553	1554	1555	1556	1557	1558	1559	1560	1561	1562	1563	1564	1565	1566	1567	1568	1569	1570	1571	1572	1573	1574	1575	1576	1577	1578	1579	1580	1581	1582	1583	1584	1585	1586	1587	1588	1589	1590	1591	1592	1593	1594	1595	1596	1597	1598	1599	1600	1601	1602	1603	1604	1605	1606	1607	1608	1609	1610	1611	1612	1613	1614	1615	1616	1617	1618	1619	1620	1621	1622	1623	1624	1625	1626	1627	1628	1629	1630	1631	1632	1633	1634	1635	1636	1637	1638	1639	1640	1641	1642	1643	1644	1645	1646	1647	1648	1649	1650	1651	1652	1653	1654	1655	1656	1657	1658	1659	1660	1661	1662	1663	1664	1665	1666	1667	1668	1669	1670	1671	1672	1673	1674	1675	1676	1677	1678	1679	1680	1681	1682	1683	1684	1685	1686	1687	1688	1689	1690	1691	1692	1693	1694	1695	1696	1697	1698	1699	1700	1701	1702	1703	1704	1705	1706	1707	1708	1709	1710	1711	1712	1713	1714	1715	1716	1717	1718	1719	1720	1721	1722	1723	1724	1725	1726	1727	1728	1729	1730	1731	1732	1733	1734	1735	1736	1737	1738	1739	1740	1741	1742	1743	1744	1745	1746	1747	1748	1749	1750	1751	1752	1753	1754	1755	1756	1757	1758	1759	1760	1761	1762	1763	1764	1765	1766	1767	1768	1769	1770	1771	1772	1773	1774	1775	1776	1777	1778	1779	1780	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827	1828	1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862	1863	1864	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	284
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----

[illegible]

**Excellent  
Land Opportunity  
in Canada**  
**7,000,000 SQUARE FEET ONLY 6 MILES  
FROM DOWNTOWN MONTREAL**  

- zoned for commercial, industrial, residential and light manufacturing
- 1.5 million sq. ft. zoned for 1000 residential apartments, shopping centre and offices, completely serviced
- bordering on a major fully-developed shopping centre
- excellent access to both public and commercial transportation
- direct frontage and access to the Trans Canada Highway

Those interested in this rare opportunity should reply in confidence to:  
**Polymark Management Limited**  
 3465 Cote des Neiges  
 Suite 4  
 Montreal, Quebec  
 (514) 931-2416

**Brokers Protected**

**Now! Super Savers  
Everywhere**  
 Go anywhere we go in the  
 continental USA for up to 45% off.



Contact your travel agent for details.  
**American Airlines**

*By Eugene T. Maleska*



B

# BLONDIE

# B E E T L E

## ADVERTISEMENT

### Other Funds

W  
I  
Z  
A  
R  
D  
O  
H

## WHAT SCRAMBLED WORD GAME

We'll be landing soon, m'lord



**I, Bd. Ney Paris 75018**

\_\_\_\_\_



## THE YUGOSLAVS

Reviewed by Yorick Blumenfeld

ent path. Doder estimates that over the last three decades, this pragmatic, nonideological approach has succeeded. The country has prospered: Tito has opened the borders to the West. However, he points out that Tito's Marxist critics have argued that the forgotten version of Communism has failed to provide equal social conditions. Yugoslavia is now a country with a free society, and a free market.

Doder concludes that Tito has outlived his usefulness. The general populace, although accustomed to paternalism and the illusion of stability, has been waiting for a long time for the end of the Tito era. "And the longer it waits the greater the gulf between the existing power structure and changing attitudes and values." Although Doder seems optimistic that Yugoslavia is

slowly drifting towards a pluralistic society, he believes that as long as Tito remains in charge, the system is bound by its Marxist chains.

Is Yugoslavia going to retain its equilibrium in the post-Tito era, or is it going to totter? Doder is convinced the country will not come apart at the seams. At the same time, he recognizes that any meaningful reforms, extending freedom of speech and of the press could

provoke an intensely hostile reaction in Moscow. There is little room for maneuver. None of this is new, but it is because he is so balanced in his views, so reasonable in his analyses that this book provides the best insights into contemporary Yugoslavia of any work currently in print.

**Yarick Blumenfeld covered Eastern Europe for Newsweek magazine.**  
 ©The Washington Post

## Best Sellers

The New York Times

This list is based on reports from more than 1,400 bookstores that are on the United States. Weeks on list are not necessarily consecutive.

### FIC-TION

This Week	Last Week	Weeks on List
1 <b>BLOODLINE</b> , by Sidney Sheldon . . . . .	2	18
2 <b>SCENES FROM A MARRIAGE</b> , by Henrik Ibsen, trans. by E. V. Rieu . . . . .	4	14
3 <b>THE HOLMCRIST KRENTZ</b> , by Robert Ludlum . . . . .	1	10
4 <b>THE THORN BIRDS</b> , by Hilary Mantel . . . . .	1	50

**The New York Times**  
The Times based its reports from 1991 that

**NONFICTION**

**By Alan Truscott**

The declarer was forced to lead repeatedly from the dummy. He considered leading a diamond to his ten, but chose to lead the king. East won with the ace and had to do something to help declarer. He tried the heart jack, which was won with the ace in dummy. The diamond queen and another diamond gave West the lead with the eight in this position:

Both sides were vulnerable. The bidding:

North	East	South	West
1♥	1♠	2♠	Pass
3♦	Pass	3N.T.	Pass
Pass	Pass		

West led the spade two.

The wrong diagrams were  
published with yesterday's bridge  
column. The IHT regrets the error.

\_\_\_\_\_

